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STUDIES ON THE CONTEMPORARY ECONOMY AND  
ECONOMIC SYSTEM OF JAPAN

(COLLECTED PRELIMINARY PAPERS)

VOLUME TWO

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## FOREWORD TO VOLUME TWO

As already stated in Volume One of these preliminary STUDIES ON THE CONTEMPORARY ECONOMY AND ECONOMIC SYSTEM OF JAPAN, the objective of this collection is to salvage informations, insights and promising paths for further research obtained in the course of work on a project proposed to Japan Foundation, in 1988, about the JAPANESE ECONOMIC SYSTEM AND ITS ENVIRONMENT : A STUDY ON THE ECONOMIC DEVELOPMENT OF JAPAN AND ITS MAIN CAUSES.

A full description of this research project, initiated in Japan and now being continued in Europe, can be found in Volume One (November 1989), which also carries an extensive bibliographical list.

VOLUME TWO contains discussion papers associated with Part I of the main project. They refer to the geographical and geopolitical setting of the Japanese Economy and Economic System and are also intended to provide some knowledge about the territorial vicissitudes of Japan in an historical perspective.

VOLUME TWO includes six papers whose contents will now be briefly described :

1. The first paper introduces the administrative divisions of Japan, her districts, and their major economic cores.
2. The second presents the beginning of a more detailed description of the four main islands of Japan. Only Hokkaido is considered here, however, as an example of the regional imbalances present in the economic profile of Japan.
3. The third paper hints at the historical evolution and demise of the Japanese Empire in the Asian Pacific Region.
4. The fourth study examines the economic panorama of the Japanese East Asian neighbours and some characteristics of their economic development.

5. The fifth states the objectives and scope of the main research project as they were initially conceived. It also reflects some of the author's early perceptions of the Japanese universe.
6. The sixth paper is a comment on the apparent indifference of Japan towards less developed countries and the dangers which may haunt her in the future as a consequence of her bias towards Western developed economies.
7. The volume contains a short list of Notes and Bibliographical References. A PARTIAL BIBLIOGRAPHY is appended.
8. Additional details on the contents of the articles can be obtained from the ABSTRACTS annexed to the Volume. Abstracts of papers contained in VOLUME ONE are also included.

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1. 'THE JAPANESE HOMELAND : AN OVERVIEW OF THE JAPANESE ARCHIPELAGO'

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ABSTRACT : This paper is concerned with the postwar administrative divisions of Japan in their regional contexts. It purports to locate, therefore, the prefectures and the country's major districts, micro-regions and industrial belts. The regionalization schemes found in Isida Ryuziro (1961) and in Trewartha (1965) are employed. The paper considers some of the regional features of Japan and hints at the asymmetrical development of the islands and districts.



'THE JAPANESE HOMELAND : AN OVERVIEW OF THE JAPANESE ARCHIPELAGO'

The geographical location of Japan on the eastern fringe of the Asian continent, once assured her the reputation of being the most remote country in the World. And this was certainly true, when Europe played the central role on the stage of the World affairs.

At the end of the 20th century, as the axis of the World's economic and political life moves steadily towards the Pacific Basin, the geographical position of Japan on the globe is indeed fortunate.

Within a circle with a radius of 5,000 km. centered on Tokyo, in the central region of the country, we can find most of Siberia, the Korean Peninsula, the Chinese Mainland, the whole of Mongolia, Taiwan, Hong Kong, Indo-China as well as the most westerly parts of Alaska, the Philippines, Micronesia and all the islands and islets in the Northern parts of the Malayan Archipelago.

Close to the outskirts of this circle, we can see the Indian Sub-continent, Singapore, Indonesia, Australia, and the North Pole.

If we were to double the radius of this imaginary circle to 10,000 km. it would then encompass also the whole of the Middle East, Western Europe (with the exception of the Iberian Peninsula and parts of France), most of Canada, and the United States (minus her eastern and southern coasts on the Atlantic Ocean and Gulf of Mexico).

In the World today, given the state of the arts in the areas of transports and communications, only Antarctica, Western Africa and

South America are really distant and eccentric places in relation to the Japanese Archipelago.<sup>1</sup>

Japan proper, with a population over 122.8 million people, is composed of an archipelago of four main islands and thousands of smaller ones, within an area of 4.5 million square kilometers in the Western Pacific Ocean.

The large islands Honshu (with an area of 227,414 sq. km.), Hokkaido (78,073 sq. km.), Kyushu (36,554 sq. km.) and Shikoku (18,256 sq. km.) account for 97% of the total land surface of the country.

The Japanese Archipelago presents itself as a narrow and quite long string of islands along the eastern fringe of the Asian Continent. From the 3,900 or more isles belonging to Japan, 2,200 are said to have an area exceeding 1 square kilometer.

With her sovereignty<sup>2</sup> extending on 4.5 million sq. km. of the Pacific Basin, Japan as a homeland has an estimated ground area of only 377,483 sq. km., including the Ryukyus, and the smaller islands adjacent to the four main ones: a total land area somewhat less than that of California (U.S.A.).

The loss of the overseas empire (Korea, Southern Sakhalin, Taiwan, the Chishima Islands, and the Nan'yo), after World War II, represented for Japan a reduction in area amounting to almost one-half of her size in 1941. These territories, conquered during the fifty years preceding the end of the war, were relinquished in compliance with the San Francisco Peace Treaty (1951).<sup>3</sup>

As a matter of fact, this territorial shrinking was aggravated by the Soviet occupation of the Northern Territories, which affected the free access to fishing grounds in the Sea of Okhotsk, and by the cession of the Ryukyus (Okinawa) to the Americans, for military use, on the terms of the Security Treaty, between the U.S. and Japan (September, 1951), which reduced the availableness of arable land in a

traditionally agricultural region, with a known tendency to over-population.<sup>4</sup>

Japan is an archipelago with a very complex topography. About 80% of the whole land area is occupied by ubiquitous steep mountains, so that arable land and living space are two of the most scarce among the economic resources of the country.

In fact, if we except her human assets, Japan is handicapped by a general scarcity of resources. Small in land area, rugged of surface, with a minimum of lowland, and sparingly supplied with most economic minerals, and oil, she, in the words of a Geographer, has not had her resource pattern tailored by Nature to a scale befitting a great nation (Trewartha, 1965, p.15).<sup>5</sup>

The mountains, some higher than 3,000 m. follow a north-south direction, crossing the islands by their geographical centres, sometimes in parallel ranges, separated by valleys and basins.

By creating many compartmentations on the isles' territories, they pose insuperable obstacles to overland transportation of people and commodities.

This topographical factor readily explains the peculiar distribution of the population, and economic activities, along a few industrial zones, on small plains facing the sea, or in valleys and basins, scattered among the mountains. It also sheds light on the extremely high degree of urban conglomeration in some regions.

No visitor, entering Japan through an industrial zone, can fail to have the impression that the whole country is no more than a huge crowded city, immense, monotonous, labyrinthic, and never ending.

The several ranges of alpine mountains running through the centre of the country, create two geographically distinct entities : one facing the Pacific Ocean, called Omote-Nihon ("front door Japan"), and another looking towards the Japan Sea, Ura-Nihon ("back door Japan"), in the shade of huge mountains, from Hokkaido to Kyushu.

These two parts are distinct not only by their climates but also by their different demographical and economic profiles.

In a certain way the Japanese Archipelago is becoming less and less of a group of islands, as major engineering structures, such as kilometric bridges and underwater tunnels, now link the main islands with one another, eliminating the economic isolation among the several demographical poles and industrial cores.

Air and land transportation improvements, land reclamation on the seashores, and the taming of flooding rivers are some of the measures being carried out, aimed at a remodelling of the present pattern of the population distribution on the islands.

Japanese rivers are usually short, most of them originate in the mountains and flow toward the seas through deep valleys. They are prone to flash floods, succeeding heavy rains, with an accompanying large discharge of sand, gravel and even large boulders, which are very damaging to the precious farm land on the plains.

Because of their small size (the largest has just 322 km. in length), variable flow and steep gradients, rivers are little used for transportation, but they are the primary sources of water for irrigation, domestic supply, industrial uses, and for the production of hydroelectricity.

The country is washed by the Pacific Ocean, in the east and south ; by the East China Sea and Sea of Japan, in the west ; and by the Sea of Okhotsk, in the north. The coast line is about 30,000 in length.

The shores that face the Sea of Japan and the Pacific coast of Honshu, north of the latitude of the Tokyo Bay (35° N), have comparatively few indentations, while the southern coasts of Honshu, and the coasts of Kyushu and Shikoku, are incised by gulfs, bays and straits, with numerous offshore islands and rocks.

The parallel in the latitude  $34^{\circ}$  North, marks the two most southerly parts of the island of Honshu : the Kammon (Shimonoseki) Strait in the southwest, separating it from Kyushu ; and the Kii Peninsula, in the southeast, crossing the parallel and protruding southwards.

The region delimited by the northern coast of Kyushu, to the east of Kammon Strait, and by the Kii Peninsula, is the Setonaikai, Setouchi, or Inland Sea.<sup>6</sup>

It is bounded by Honshu, on the north and east ; Shikoku, on the south ; and Kyushu, on the west ; it encompasses Osaka Bay, and the Harima, Bingo, Hiuchi, Iyo, and Suo seas. In the various schemes employed by various Japanese writers for subdividing their country, the Setouchi is almost invariably recognized as a geographical unit. It is Japan's Mediterranean Sea (Trewartha, 1965, p.535).

The Inland Sea is dotted with over 1,000 islands and islets, the longest of which is Awajima, in the west margin of the Osaka Bay. It is connected to the outer seas by the Kitan and Naruto Straits, to the east ; Hoyo Strait, to the southwest ; and Kammon Strait (also called Shimonoseki Strait) to the west.

The Seto Inland Sea has always been an important corridor of marine and land transportation. Three bridges now join Honshu and Shikoku across the Seto Inland Sea. The conclusion of this bold project will improve conditions for the advancement of industry to the Pacific coast of Shikoku Island.

A dense population occupies the margins of the Setouchi, which is the central part of the major industrial belt of Japan.

The Japanese Archipelago follows a geographical axis with a north-west direction. This permits to identify a Southwestern Japan, distinct in several respects from its counterpart, in the central and northeastern regions (See Fig. 1).

The frontier between these two entities is provided by a strangulation present around the middle part of the Honshu Island, determined by two opposite bays, one open towards the Japan Sea : the Wakasa Bay ; and another on the Pacific side : the Ise Bay, north of the Kii Peninsula.

Lake Biwa, the most extensive fresh-water lake in Japan, occupies the middle point of this land section, between the two bays, providing the most complete break in the Honshu mountain barrier, which separates Omote-Nihon (Pacific coast) from the Ura-Nihon (Sea of Japan's coast).

Southwestern Japan is that part of the country which extends west and south from this narrow waist of land constricted by the two major water indentations of Wakasa Bay on the north and Ise Bay on the south, with the constriction appearing all the narrower because so much of its area is occupied by the lake (Trewartha, 1965, p.494).

Traditionally the territory is divided into eight sections, officially described as districts (chiho). The isles of Hokkaido, Shikoku and Kyushu comprise one district each, while Honshu Island encloses the remaining five ones : Chugoku-Chiho, Kinki-Chiho, Chubu-Chiho, Kanto-Chiho, and Tohoku-Chiho.

Accordingly, Southwestern Japan encompasses the whole of two islands : Shikoku and Kyushu districts ; as well as two regions of Western Honshu : the Chugoku district, between the Sea of Japan and the Seto-Inland Sea ; and the Kinki district, facing the Setonaikai, the Bay of Osaka, the Sea of Japan and the Pacific Ocean.

Northern Japan contains four districts : Chubu, Kanto, Tohoku, and Hokkaido.

Chubu-Chiho and Kanto-Chiho together constitute the central parts of Honshu, and are known as Central Japan. Northeastern Japan is made up of Tohoku-Chiho (in Honshu) and Hokkaido.

Administratively Japan comprises 47 prefectures. Each district contains between 4 and 9 prefectures, with the exception of Hokkaido, which is an island, a district, and a single prefecture.

The term prefecture refers to the largest administrative divisions of the country, because in Japan there are no states or provinces.

But the term "prefecture" has different translations into Japanese :

Most of the prefectures, i.e., 43 of them, are called "ken", e.g. Kanazawa-ken, the prefecture whose capital is Yokohama.

The prefectures of Osaka and Kyoto are called "fu", e.g., Osaka-fu and Kyoto-fu, whose capital cities are Osaka and Kyoto respectively (two important cities of the Kinki district). The metropolitan prefecture of Tokyo is distinguished by the word "to", hence, Tokyo-to. Hokkaido is the only prefecture that is called "do". The following table presents the eight regions of Japan, their 47 prefectures ("ken, fu, to, do"), and the capital cities. The islands and the districts are listed from north to south.

Table 1

Isles	Districts	Area	Population	Capital
(Population : 1975 Census)				
1	HOKKAIDO ISLE			
	(1) <u>Hokkaido-Chiho</u>		(Northeastern Japan)	
Pref. 1.	Hokkaido	78,400 sq. km.	5,338,000	Sapporo
2	HONSHU ISLE			
	(2) <u>Tohoku-Chiho</u>		(Northeastern Japan)	
Pref. 2.	Aomori-ken	9,600	1,468,600	Aomori
	3. Iwate-ken	15,300	1,385,600	Morioka
	4. Miyagi-ken	7,300	1,955,300	Sendai
	5. Akita-ken	11,600	1,232,500	Akita
	6. Yamagata-ken	9,300	1,220,300	Yamagata
	7. Fukushima-ken	13,800	1,970,700	Fukushima

3	<u>Kanto-Chiho</u>		(Central Japan)	
Pref.	8. Ibaraki-ken	6,100	2,342,200	Mito
	9. Tochigi-ken	6,400	1,698,000	Utsunomiya
	10. Gunma-ken	6,400	1,756,500	Maebashi
	11. Saitama-ken	3,800	4,821,400	Urawa
	12. Chiba-ken	5,100	4,149,200	Chiba
	13. Tokyo-to	2,100	11,669,200	Tokyo
	14. Kanagawa-ken	2,400	6,397,600	Yokohama
2	<u>HONSHU ISLE (cont.)</u>			
4	<u>Chubu-Chiho</u>		(Central Japan)	
	15. Niigata-ken	12,600	2,392,000	Niigata
	16. Toyama-ken	4,300	1,070,800	Toyama
	17. Ishikawa-ken	4,200	1,070,900	Kanazawa
	18. Fukui-ken	4,200	773,600	Fukui
	19. Yamanashi-ken	4,500	783,100	Kofu
	20. Nagano-ken	13,600	2,017,000	Nagano
	21. Gifu-ken	10,600	1,868,000	Gifu
	22. Shizuoka-ken	7,800	3,308,800	Shizuoka
	23. Aichi-ken	5,100	5,923,100	Nagoya
5	<u>Kinki-Chiho</u>		(Southwestern Japan)	
	24. Mie-ken	5,800	1,626,000	Tsu
	25. Shiga-ken	4,000	985,500	Otsu
	26. Kyoto-fu	4,600	2,425,800	Kyoto
	27. Osaka-fu	1,900	8,278,800	Osaka
	28. Hyogo-ken	8,400	4,991,900	Kobe
	29. Nara-ken	3,700	1,077,300	Nara
	30. Wakayama-ken	4,700	1,072,100	Wakayama
6	<u>Chugoku-Chiho</u>		(Southwestern Japan)	
	31. Tottori-ken	3,500	581,300	Tottori
	32. Shimane-ken	6,600	768,900	Matsue
	33. Okayama-ken	7,100	1,814,300	Okayama
	34. Hiroshima-ken	8,400	2,646,400	Hiroshima
	35. Yamaguchi-ken	6,100	1,555,200	Yamaguchi
3	<u>SHIKOKU ISLE</u>		(Southwestern Japan)	
7	<u>Shikoku-Chiho</u>			
Pref.	36. Tokushima-ken	4,100	805,100	Tokushima
	37. Kagawa-ken	1,900	961,300	Takamatsu
	38. Ehime-ken	5,700	1,465,200	Matsuyama
	39. Kochi-ken	7,100	808,400	Kochi
4	<u>KYUSHU ISLE</u>			
8	<u>Kyushu-Chiho</u>		(Southwestern Japan)	
	40. Fukuoka-ken	4,900	4,293,000	Fukuoka
	41. Saga-ken	2,400	837,700	Saga
	42. Nagasaki-ken	4,100	1,571,900	Nagasaki
	43. Kumamoto-ken	7,400	1,715,000	Kumamoto
	44. Oita-ken	6,300	1,190,300	Oita
	45. Miyazaki-ken	7,700	1,085,100	Miyazaki
	46. Kagoshima-ken	9,200	1,723,900	Kagoshima
	47. Okinawa-ken	2,200	1,042,500	Naha

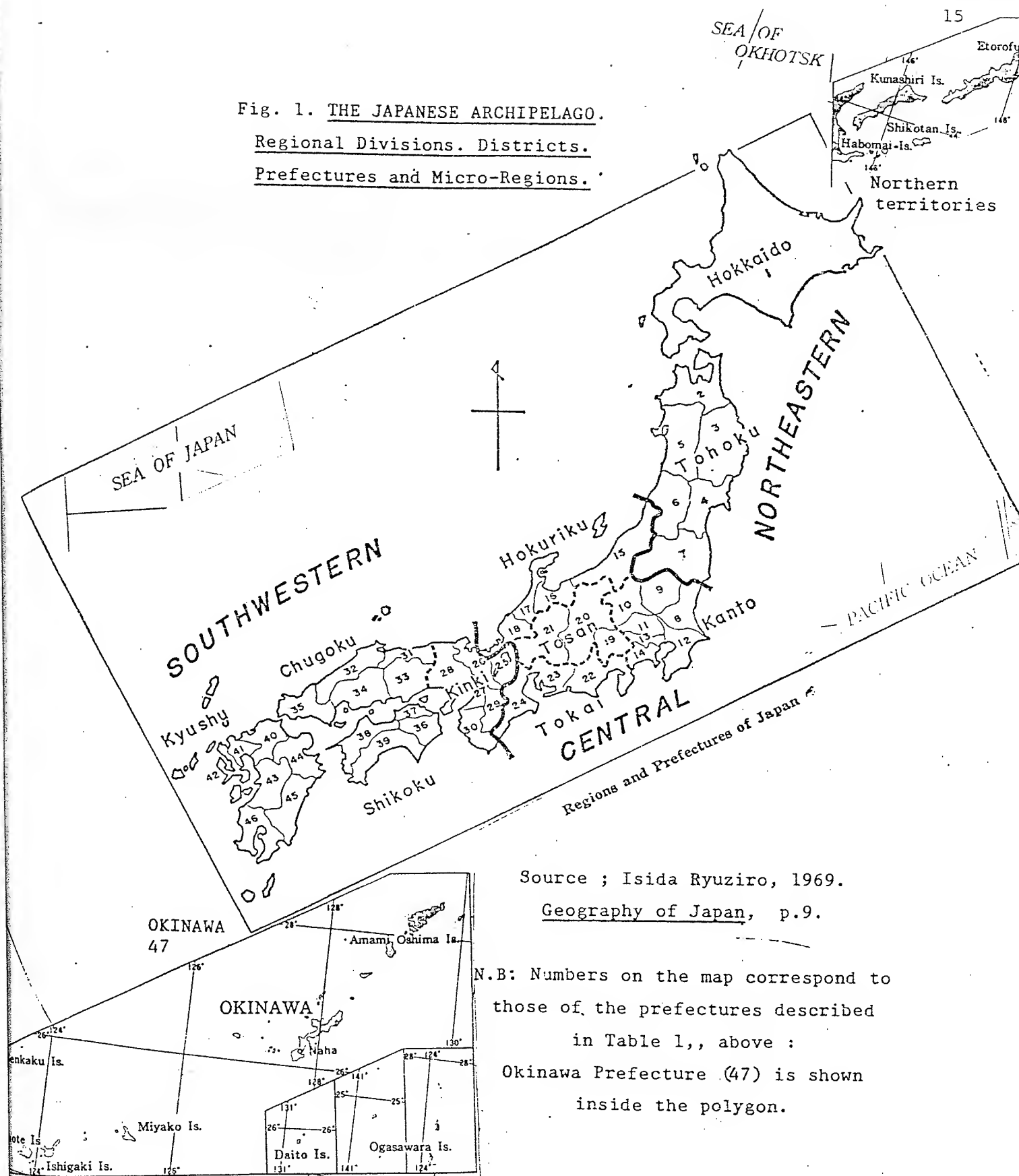
Sources : Soviet Encyclopedia, 3rd edition, Vol. 30, p.476 (Japan) ; Toshio Noh and John Kimura, 1983, p.28 (District and Prefectures : map) ; Teikoku's Complete Atlas of Japan, pp.1-2 ; Trewartha, 1965.



Fig. 1. THE JAPANESE ARCHIPELAGO.

Regional Divisions. Districts.

Prefectures and Micro-Regions.



Source ; Isida Ryuziro, 1969.

Geography of Japan, p.9.

N.B: Numbers on the map correspond to those of the prefectures described in Table 1,, above :  
Okinawa Prefecture (47) is shown inside the polygon.

The population figures presented in Table 1 are those of Japan at a point in time, in this century, in which the country had attained the rank of an advanced industrial economy but was already experiencing the shocks of great changes in the world environment, events that are at the root of her endeavours towards sweeping industrial restructuring, a process not yet concluded.

In 1960, the government announced a "National Income Doubling Plan", aimed at doubling the income per capita during 1961-70. The most important sector supporting this plan was the manufacturing industry which, with a growth rate of 9%, planned to increase its output by 3.3 times in ten years (A.J.G., Geography of Japan, 1980, p.261).<sup>7</sup> The original aim of the planners was to consolidate the industrial development in a large, but restricted area of the country, along the so called Pacific-Setouchi Coastal Belt.

This is, traditionally, the industrial axis of Japan, developing since the Meiji government (1868-1912). It forms a long belt along the Pacific coast starting from Tokyo Bay, continuing on, southwards, to and passing Nagoya and Osaka and, still further along the Setouchi coast, up to northern Kyushu.

Therefore, the Pacific Setouchi Belt comprises the five largest industrial areas of Japan which are, in a north-west direction : (1) In the Tokyo-Yokohama region, the Keihin area ; in the Nagoya region, the Chukyo area ; (3) in the Osaka-Kobe region, the Hanshin area, which also includes Kyoto ; (4) the Inland Sea industrial cities ; and (5) the northern Kyushu industrial centres.

The loss of the overseas territories in World War II, reduced considerably the strategic importance of the northern Kyushu industrial centres, bringing a general depression to the economic activities on this island, the closest to Korea.

The Pacific Setouchi Belt is the greatest industrial complex in

Japan, in which 77% of the country's industrial production is concentrated. All other areas of the country outside this region can be considered either as undeveloped or as relatively underdeveloped.

The underdeveloped areas comprise the following regions : (1) Hokkaido, Tohoku, Shikoku, Southern Kyushu, and those parts of Central Japan, facing the Japan Sea (Ura-Nihon), as well as the Ryukyus.

This general classification needs of course some qualifications to bring us closer to an understanding of the economic panorama over the Japanese Isles today. The regions along the Pacific coast zones of Shikoku and Southern Kyushu, and the belt areas along the Sea of Japan coast of Honshu are generally backward in industrial development. But the Hokuriku district, centrally located along the Japan Sea coast of Honshu, is an industrial zone having certain distinguishing characteristics of its own. It consists of three prefectures : Toyama, Ishikawa and Fukui plus Niigata Prefecture, in the north of this region.

In Japan, there are also a certain number of special industrial towns or cities, supported by specific industries.

Some of these industrial centres may or may not be part of a determined industrial area.

The Inland Sea coasts, presenting a relatively flat terrain around the sea, was rapidly industrialized and knew a large growth in its population in recent decades.

Since World War II, the Inland Sea industrial belt became one of the major industrial regions of Japan.

This economic region, around the Setouchi, consists of a long row of industrial cities, along the sea coasts, on Honshu and Shikoku.

Prominent among the cities of this zone, almost all of them depending on a particular branch of the industry are : Tokuyama (oil refinery), Iwakuni and Kurashiki (steel and petrochemicals), Matsuyama

(oil refinery and petrochemicals), Kudamatsu and Fukuyama (steel), Niihama (chemicals and metals), Hiroshima (automobiles), and Sakaide, Kure, Innoshima, and Tamano (shipbuilding). In recent years industrial complexes have been constructed at Iwakuni, Tokuyama, Kurashiki, Harima and Niihama.

As examples of isolated industrial centres in other regions which may or may not be part of a determined industrial area, we have Muroran (in Hokkaido) with large iron and steel industry ; Hitachi (in Ibaraki), whose mainstay is Hitachi Engineering ; Nobeoka (in Miyazaki-ken), an industrial city where Asahi Chemical is located, and others.

These examples may serve as a caution against supposing that a Japanese region deemed as underdeveloped will be, by that token, completely devoid of any significant industrial activity.

In fact, presently, one of the most important instruments of governmental policy for regional development consists in fomenting the upsurge or growth of such poles of industrialization in the several depressed areas of the country.

Local political pressures after the issuing of the 1960 "Income Doubling Plan", led to its revision, resulting, two years later, in a new plan, the "Comprehensive National Development Plan". The document of 1962 introduced the preoccupation with the preventing of excessive expansion of urban areas, and the correction of national imbalances.

In this new setting, the Pacific-Setouchi Belt was declared as "Special Area for Industrial Consolidation", and fifteen of the isolated industrial cities scattered throughout Japan were designated as "New Industrial Cities", with the status of poorly developed areas, entitled to special government attention.

A summary study of each of the eight districts would permit a better assessment of these regional imbalances.

In this survey of the economic and physiographical aspects of the main islands, their districts and industrial cores, we have adopted a regionalization scheme found in T. Noh and J.C. Kimura (1983), Trewartha (1965), and Isida Ryuziro (1961).

Consequently, we have recognized three major regions in Japan, which is traditionally divided into eight districts, encompassing several micro-regions (See Fig. 1) :<sup>8</sup>

#### A. NORTHEASTERN JAPAN

##### (1) Hokkaido

(Hokkaido Isle)

The most northerly of Japan's main isles. considered as a single region (chiho) and embracing just one prefecture, the only one to be called "do" (circuit). An underdeveloped region with a harsh climate.

##### (2) Tohoku-Chiho

(Honshu Isle)

The northern part of Honshu Island (north of about latitude 37°), occupies an intermediate position between Hokkaido, on the other side of Tsugaru Strait, and subtropical Japan, on the south. A backward area whose geographical distinctiveness consists in its transitional and intermediate character between north and south, harsh climate and generally rural profile of its economic life.

#### B. CENTRAL JAPAN

##### (3) Kanto-Chiho

(Honshu Isle)

At the northeastern part of Central Japan, Kanto Region occupies the country's largest plain, the Kanto Plain, and contains the Tokyo Metropolitan Area as well as Yokohama. The axis Tokyo-Yokohama along the Tokyo Bay, known as Keihin, is the industrial core of the Kanto District. Economically the most advanced region in Japan.

##### (4) Chubu-Chiho

(Honshu Isle)

Chubu District is the most central part of Japan proper and is located in the approximate middle of Honshu, between Kanto and Tohoku in the east and north, and Kinki in the west.

Chubu-Chiho serves as a corridor between Southwestern and Northeastern Japan and so experiences the economic attraction from the two major industrial poles, the Tokyo-Yokohama axis (Keihin) and the Kyoto-Osaka-Kobe area (Keihanshin, the industrial core of Kinki).

The Chubu District is divided into three distinct parts or sub-regions : the Tokai, the Tosan and the Hokuriku, not yet fully integrated among themselves.

The Tokai is the most industrialized region of Chubu and has Nagoya (also called Chukyo) as its economic centre.

The Tosan, or Central Highlands, is an alpine mountainous section between Tokai and Hokuriku. This region is referred to as the Japan's roof, due to the presence of the Kiso Mountain Range (the Japanese Alps).

Hokuriku, facing the Sea of Japan, is a developing industrial belt which extends as far north as Niigata-ken.

### C. SOUTHWESTERN JAPAN

The part of Japan stretching to the west of Wakasa and Ise Bays, and southwards until Okinawa. It includes four districts :

#### (5) Kinki-Chiho

(Honshu Isle)

This district is situated in approximately the centre of Honshu, to the west of Chubu.

Kinki is the second industrial pole of Japan, after Kanto. That part of Kinki lying to the west of the Kii Mountains is called Kansai. The industrial core of Kansai is the axis Kyoto-Osaka-Kobe (the Keihanshin).

Kinki has been the centre of power and culture in Japan since the dawn of the Japanese civilization. The move of the capital from Kyoto to Tokyo, in 1868, reduced the political standing of the region, and today its economic power is being challenged by the emergence of the New Industrializing Countries, close to its doors, in Asia.

#### (6) Chugoku-Chiho

(Honshu Isle)

This district occupies the Chugoku Peninsula, amidst Kinki and Northern Kyushu, a narrow and mountainous region between the Seto Inland Sea and the Japan Sea, facing Shikoku Isle southwards.

Two underwater tunnels, across the Kammon Strait, link Chugoku to Kyushu, and a just concluded bridge, over the Setouchi, connects now this district with northern Shikoku's shores.

Chugoku-Chiho can also be divided into three micro-regions, delimited by the Chugoku Mountains running through the geographical centre of this peninsula, the San'yo, the San'in and the Highlands.

The San-yo or "the sunny side" is the region of Chugoku along the margins of the Inland Sea.

The San'in, "the shady side", by contrast, is the northern coasts of Chugoku Peninsula, facing the Japan Sea.

The mountainous uplands in the interior of Chugoku will be referred to as the Central Highlands.

#### (7) Shikoku-Chiho

(Shikoku Isle)

Chugoku and Shikoku are twin regions facing the Setonaikai.

Shikoku-Chiho consists of Shikoku Isle, the smallest of Japan's main islands, and of numerous surrounding islets.

High mountains, with steep slopes, in the centre of Shikoku, divide the island into opposite parts, one along the Setouchi and a transmontane one, looking towards the Pacific Ocean.

Thus the San'yo, the southern coasts of Chugoku and the northern ones of Shikoku, facing each other across the Setouchi, have much more

in common with each other than either does with its own transmontane coasts (Trewartha, 1965, p.534).

These two coastlines, on two different isles, constitute a natural geographical and economic region, Central Setouchi, encompassing parts of both Shikoku and Chugoku District.

The highlands of Chugoku and Shikoku, together with their coast-lands, along either the Pacific or Sea of Japan, are very backward regions, now receiving attention within the nation's regional development plans.

#### (8) Kyushu-Chiho

(Kyushu Isle)

This district consists of Kyushu, the third largest island of Japan, and the Ryukyu Islands (Nansei Islands).

Geographically Kyushu Isle can be divided into an Inner Zone, comprising Northern and Western Kyushu, facing the Setouchi and the Korean Strait, respectively ; and an Outer Zone, embracing Southern and Eastern Kyushu, washed by the East China Sea, and the Pacific Ocean, respectively.

Economically the isle presents a relatively developed northern region, contrasting with less developed regions elsewhere on its territory.

The industrial core of Kyushu is Kitakyushu, one of the principal nodes within the country's manufacturing belt.

Nagasaki and Kitakyushu suffered heavily in World War II, and the economic vitality of this region could not be recovered sufficiently since then to withstand comparison with the other major nodes in the Pacific-Setouchi Industrial Belt today.

Kyushu-Chiho is the most southerly of Japan's eight regions and it includes Okinawa-ken, the last Japanese prefecture towards the south.

The historical role of Kyushu within the evolution of the Japanese civilization is considerable.



It was the part of Japan which maintained the closest contacts with Asia during thousands of years, since the earliest times.

The isle served as a gateway through which foreign influences reached the Japanese.

Firearms, shipbuilding, brought by the Portuguese, first entered the Isles through Kyushu. This was also the region where Christianity made most of its proselytes, during the Christian Century (1543-1639).

After Japan's self-imposed seclusion from foreign contacts (1640-1853), following the expulsion of the Westerners and the eradication of Christianity, Nagasaki, once an almost Portuguese city, was the only door left half-open towards the World, through a Dutch entrepot on the island of Deshima.

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## 2. 'AN UNDERDEVELOPED JAPAN : HOKKAIDO ISLE'

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ABSTRACT : In his approach to the regional study of Japan, the author started with the examination of the less-developed and peripheric areas of the country. A very conspicuous one among these is certainly Hokkaido, the most northerly of Japan's main isles.

Hokkaido also exemplifies the case of a region handicapped by a severe climate and by inadequate economic relations with its closest foreign neighbour the Soviet Far East. The paper was intended as the first part of a more detailed study of the economic and social realities of Japan's eight districts.

'UNDERDEVELOPED JAPAN : HOKKAIDO ISLE'

Before tackling a description of the Japanese Isles, its regions and districts, we must pay some attention to the country's climate, as one of the factors that may harrass the economic development of certain areas of this extremely long and varied archipelago.

Japan may be divided into six climatical regions, by temperature and precipitation characteristics : (1) The region of the Sea of Japan is characterized by high precipitation with a maximum during winter. (2) The Pacific Coast climate, although humid, is marked by lower precipitations with rainy summers and drier winters. (3) The Hokkaido climate has sparse precipitations with particularly low ones in winter months. (4) The Ryukyu Islands climate is characterized by having high temperatures and precipitations throughout the year. (5) The Inland Sea region is distinguished by being warm and relatively dry even during winter. (6) The central highlands exhibit wide temperatures variations between summer and winter, with relatively low precipitations. (T. Noh and J.C. Kimura, 1983, p.10).

In a north-south direction, the monsoon climate of Japan, is temperate in the north, subtropical in the southern parts of the main islands and tropical on most of the Ryukyu isles. The mean temperature in Hokkaido (at Sapporo) is  $-5^{\circ}\text{C}$ , in January, and  $22^{\circ}\text{C}$  in July. At Kagoshima-ken, in the southern part of Kyushu, the corresponding temperatures are  $6^{\circ}\text{C}$  and  $27^{\circ}\text{C}$ . On Okinawa-ken the most southerly

prefecture of Japan, we observe  $16^{\circ}\text{C}$  and  $28^{\circ}\text{C}$ , respectively, in January and in July.

Typhoons are formed throughout the year in the tropical Pacific, being more frequent in the fall. From the 15 to 30 that visit the country each year, three to four may bring winds with hurricane force and torrential rains, causing extensive damage.

Heavy, mainly orographic rain due to typhoon activity falls more widely in Southwestern and Central Japan, although heavy rain is limited to the narrower part of western Japan occurring with greater probability in eastern Kyushu, southwestern Shikoku, the southeastern part of the Kii Peninsula and the Kanto-Chiho Mountains.

As most of the rivers flow from the mountains, the plains are subject to sudden floodings, during the typhoon season, especially in middle and late September.

Japan is also subject to other natural disasters as tidal waves (tsunami), earthquakes and volcanic eruptions. Damage from excessive snowfall occurs regularly on the Japan Sea side (Ura-Nihon).

Crop failures may be caused by unseasonably low summer temperatures, droughts, spring frost or hail, their incidence varying according to regions, and years. Concentration of the population in lowlands and basins enhance considerably the dangers posed by natural disasters. Too much pumping of ground water are causing the collapse of the soil, in certain places, swallowing up large stretches of constructed areas.

No wonder that in such an environment the Japanese be ready to acknowledge, and be prepared to propiciate, a host of gods both national as well as foreigners.

But much more than any of the natural disasters that may eventually afflict Japan, during certain periods, the environmental pollution, associated with and actually a by-product of her

industry-led economic development, is a man-made calamity to be dreaded most in these charming islands.

Despite the great concern with the problem, expressed by the public as well as by the state authorities, some regions on land and large stretches of the sea around Japan are already badly affected by industrial pollution.

The Setonaikai, and the Tokyo Bay regions, for instance, are steadily graduating to present the improved Japanese versions of the North Sea and of the Mediterranean ecological tragedies.

In order to obtain an understanding and some useful insights into the regional and demographical features of the main economic regions and sectors of the Japanese economy it would be necessary to carry out a summary description of Japan's eight districts and their main economic activities. Just one district though will be considered in the following.

We will proceed from the peripheric, and relatively underdeveloped Hokkaido towards the hard industrial cores of the economy in Central Japan and its outskirts : the Kanto (with its Keihin industrial zone), the Chubu (with the Tokai and Hokuriku industrial belts), the Kinki (with the Kansai industrial region), as well as the other main parts of the Pacific-Setouchi Industrial Belt such as the Central Setouchi industrial node, and Northern Kyushu.

For the sake of obtaining some coherence and a little bit of concision, we had to make a choice among the many plausible regionalization schemes existing for Japan. We adopted that employed in Trewartha (1965).

The four main islands Hokkaido, Honshu, Shikoku and Kyushu, accounting for most of the country's land surface and for almost the totality of the Japanese population, can be understood as belonging to three major regions, Northeastern, Central and Southwestern Japan,

comprising eight districts, each one divided into a variable number of prefectures, as indicated in Table 2 reproduced below.

Presently, we will carry out a cursory overview of the Isle of Hokkaido, and its main geographical and economic characteristics.

Table 2  
Macro Regions and Districts of Japan and their Location

Macro Regions	Districts	No. of Prefectures	Isles
A. Northeastern Japan	(1) Hokkaido	1	Hokkaido
	(2) Tohoku	6	Honshu
B. Central Japan	(3) Kantc	7	Honshu
	(4) Chubu	9	Honshu
C. Southeastern Japan	(5) Kinki	7	Honshu
	(6) Chugoku	5	Honshu
	(7) Shikoku	4	Shikoku
	(8) Kyushu*	8	Kyushu
Total		47 prefectures	

\* Includes the Ryukyu Islands (Okinawa)

#### HOKKAIDO ISLE

The most northerly of Japan's main isles, Hokkaido is considered as a single district (chiho), it encompasses just one prefecture, and the only one which is called "do" (circuit).

With an area of 83,519 sq. km. and a population density of 68 persons/sq. km., Hokkaido (which means literally "The Northern Sea Circuit") is the second largest of Japan's islands.

It is separated from Honshu, to the south, by the Tsugaru Strait. A tunnel, just concluded, under the sea bed, between the Oshima and the Tsugaru peninsulas, now links the two isles.

A land of severe continental climates, rugged mountains and volcanic masses, Hokkaido is noted for its dramatic and unspoiled scenere, which includes active volcanos, hot springs, and vast virgin forests hiding large lakes.

Hokkaido was not colonized for the most part until the 1870s, but after the Meiji Restoration of 1868, the new government placed a great emphasis on the economic development of this northern territory.

A colonial office was set up and settlers were encouraged to come from other parts of Japan. But agrarian structure of Hokkaido is different from that of the rest of Japan and the region still has the atmosphere of an advancing frontier bequeathed from its pioneer era.

The occupation of the southern Kuriles islands by the Soviet Union, and the growing development of Eastern Siberia, conferred to Hokkaido a strategic importance quite at variance with its economic development.

To cope with this situation, the central government, since the 1950s, is implementing several plans for the development of the island.

A special office, the Hokkaido Development Agency (Hokkaido Kaihatsu Cho) under direct control of the Prime Minister, was established for the purpose, and some new legislations were enacted aiming at the region's development.

Until 1962, agriculture and forestry were the most important elements in the overall development of Hokkaido.

After the designation of Central Hokkaido as a "New Industrial City", centered on the region from Muroran and Tomakomai to Sapporo and Otaru, the developmental emphasis gradually shifted to manufacturing.

But unlike other industrial zones in Japan, in Hokkaido, factories are not numerous and they tend to be generally small in scale (T. Noh and J.C. Kimura, 1983, p.148).

Hokkaido is situated far from the other industrial regions, and distant from the large markets in Central and Southeastern Japan, therefore its manufacturing structure and general economic activity became somewhat specialized.

The most important types of industry to be found here are those based on local raw materials, such as the processing of agricultural



products, marine products, pulp and paper manufacturing, steel, and coal mining.

The heavy and chemical industries are comparatively underdeveloped, with the exception of the iron and steel industry in Muroran, shipbuilding in Hokodate and the chemical fertilizer industry in Sunagawa.

The main industrial cities included in Hokkaido's new industrial city zone are :

1. Sapporo : Hokkaido's capital and the island's economic, political and cultural centre. With a population around 1,401, 758 inhabitants, the capital of Hokkaido is a major commercial and industrial pole with a growing regional significance.

Its main industries are related to food processing, printing, machinery repair and maintenance. The city is also famous for its beer production. Agricultural products include rice, onions and watermelons. Sapporo is also a centre of lead and zinc mining.

2. Muroran : This is a port on the Pacific, opened in 1872, and developed as shipping centre for coal.

Today, the city is the most industrialized in Hokkaido, with large cement factories, steel mills, oil refineries, and shipyards, clustered around its port.

Muroran's population is about 150,200 inhabitants, quite small by Japanese standards.

3. Tomakomai : On the Pacific Ocean, close to Muroran, is a growing city and the leading producer of paper in the country.

The completion of a man-made port, in 1976, has led to its further industrialization, with the establishment of chemical and petroleum refining plants. Its population is almost the same as that of Muroran, 151,969 people approximately.

4. Otaru : With a population around 130,728 inhabitants, is

situated on the Sea of Japan, in the Ishikari Bay, exactly to the north of Muroran, and to the west of Sapporo.

The city developed as a fishing base, and as a port town for shipping coal from the Yubari mountains' coalfield.

Otaru is now a centre of commerce, seafood processing, ski equipment, furniture, rubber products, and foodstuff factories.

The quadrilateral delimited by the cities of Sapporo, Otaru, Muroran and Tomakomai encompass the developing industrial core of Hokkaido. Outside this limited area several other populational centres can be found on the island, with their economic lives gravitating around some specific activities such as agriculture, fishing, food processing, lumbering, coalmining, etc.

Among these isolated cities the more important ones are : Hakodate, on the Oshima Peninsula ; Asahikawa, in central Hokkaido ; Wakanai, facing the Soya Strait ; Obihiro, on the Tokachi plain ; Kushiro, on the Kushiro plain, facing the Pacific ; and Nemuro, on the Nemuro peninsula, close to the Soviet occupied Northern Territories, and to the Sea of Okhotsk.

The comparative advantages of these centres in their respective activities are closely associated with the geographical, geological, and climatic characteristics of the particular region in which they are located.

This makes it necessary to examine briefly the main topographical traits of the island, whose territory is divided among high central mountain ranges and extensive plains fronting towards the sea and crossed by meandering rivers.

On the main Hokkaido's plains, when the climate allows it, are major agricultural zones developing several crops, in a grand scale, with the use of advanced farming techniques and extensive mechanization.

Climate and remoteness are the two limiting factors to economic activity in Hokkaido.

Two rows of mountain ranges run through the middle of Hokkaido Isle in a north-south direction : the Teshio and the Yubari mountains to the west, paralleling the coast of the Sea of Japan, and the Kitami and the Hidaka mountains to the east, extending diagonally through the centre of the island, following a line from the Cape Soya to the Cape Erimo.

In the north, the Teshio and the Kitami mountains seem to converge towards the Teshio and Tonbetsu plains, near the Soya Strait.

This complex of mountains divide the isle into three sectors : (1) The central one, between the two mountain ranges, is occupied by the Nagoro, Kamigawa and Furano basins ; (2) The western one, fronting the Sea of Japan, is made up of the Oshima peninsula and Ishikari plain, and further northwards the Teshio plain ; (3) the third sector of the island lies to the east of the Kitami and Hidaka mountains, and is bounded by the Sea of Okhotsk and the Pacific. Narrow stretches of lowland border the seaside in the north, but the southeastern part of this region contains some large plains and uplands : The Tokachi, and Kushiro plains open to the Pacific Ocean, and the Konsen upland faces the Nemuro Strait.

Among the four main islands of Japan Hokkaido is the one with the severest climate. The winters here are longer and colder than in any other part of the country, and for the most part, the district is drier than the other more southerly isles of the archipelago. Snow is plentiful in the sector facing the Sea of Japan and in the mountainous areas, but more scarce elsewhere ; a definite rainy season is also absent.

The Sea of Okhotsk packs with ice floes in the winter, and this side of the island experiences dense fog in the spring and summer time, a condition which frequently induces crop failures.

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As it happens in other regions close to the higher latitudes, sunshine is a most precious economic resource : just a few more days without it may be the difference between success and failure in Hokkaido's farming, heavily based on rice plantations.

Despite more than 20 years of concerted governmental action towards the diversification of the island's activities, agriculture is still the mainstay of its economy, together with other primary industries such as fishing, forestry, and mining. Hokkaido's working population has a higher percentage engaged in fishing and mining than the national average.

Coal is mined in several points of the isle, but the main reserves are found in the Ishikari coalfield, located in the western Yubari mountains.

During the mid-1970s, its output averaged 9 million metric tons per annum, almost half of the national total. The estimated volume of the deposits is approximately 6.4 billion metric tons of high quality coking coal. The field has a length of 90 km. and a width of 30 km. in the Yubari mountains. Although coal mining is being discouraged in Japan, it still has great local importance.

Fishing is a main economic activity in the country, and Hokkaido has a large share of it. With sovereignty extended over coastal waters to 200 nautical miles, along her 30,000 km. of shores, Japan dominates a huge fishing area in the Pacific, and in the Mediterranean seas, fronting the Asian mainland.

Although the country is able to net fully 60% of her total fish catch of 10 million tons, in grounds under direct Japanese control, she became dependent on periodic permissions for operations in foreign waters.

The occupation of Japan's isles around the Nemuro strait, in 1945, by the Soviet Union, affected the free access of the fishermen of Hokkaido to the Sea of Okhotsk.

This northern sea, abundant in cold water fish, is now the object of annual negotiations, between Japan and the Soviet Union, to determine the limits on salmon and trout catches, as well as the boundaries of the respective fishing areas.

Hokkaido is a new land, with physical and cultural dissimilarities with Old Japan, that is to say, with all of Japan to the south of the Tsugaru Strait. Distinguishing features are its sparser population : 68 persons/sq.km, as compared with the national mean of 320 ; or with the exceptionally high concentrations in Tokyo (5,389 persons/sq.km.), Osaka (4,545) or Kanagawa (3,093), the three major prefectures in Central and Southwestern Japan.

Hokkaido's agriculture, the mainstay of its economy, also differs in many respects from the existing patterns in other parts of the country. Its rural settlements are dispersed and larger, as much as 10 hectares per household ; and the farms are generally mechanized and more dependent on animal power.

Hokkaido's agriculture is based on U.S. models and is highly commercialized and specialized. And as the sizes of the farms are generally larger than elsewhere in Japan, the grangers on this isle are in the best position to reap the benefits of economies of scale, especially in the production of rice.

Sustained and well directed efforts to cut costs, and improve quality, have made Hokkaido produced rice increasingly popular among consumers. But, as a consequence of the country's growing affluence, the alimentary habits of the Japanese people are changing, slowly but irreversibly, towards less intakes of rice and greater consumption of all kinds of meat and dairy products. As a matter of fact, even if the climatic conditions of the island are less than ideal for it, large areas of pasture favours the livestock industry. Thanks to governmental encouragement for agricultural diversification, Hokkaido

is already Japan's most important stock grazing and dairying area ; it is also a leader in forestry and ocean fishing ; and the second largest in coal production, among other deeds.

A cursory examination of those cities located outside the area of Sapporo would be necessary to complete and qualify the statements we have just made on the overall economic structure of the Hokkaido Region. These economic and demographical nodes, scattered throughout the island, are important in themselves, as indicators of the main directions of the colonization effort in this region, since the Edo period (1603-1867).

Hokkaido, formerly known as Yezo island, was originally inhabited by the Ainu, a single integrated population (racially distinct from the Japanese), once living on northern Honshu, Hokkaido, Sakhalin and surrounding islands, as far as the Kuriles.

In 1979, the remnants of these aborigines identifying themselves as Ainu, numbered only 24,160 persons, treated as aliens, but living under Japanese jurisdiction, in the district of Hidaka, in central Hokkaido. Historically, the advancement of the Japanese towards the north has been resisted, either by the Ainu or by other now extinct groups of indigenous populations.

During the Edo period (1603-1867), the inflow of Japanese immigrants, attracted by the island's good fishing grounds, increased but it was only in the Meiji era (1868-1912) that the large scale of colonization of Hokkaido became successful.

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3. 'THE GEOPOLITICAL SETTING OF THE JAPANESE ECONOMY'

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ABSTRACT : Following an order suggested by the geographical location of Japan within the belt of islands girding the Eastern shores of the Asian Continent, from Alaska to the Indian Ocean and Oceania, this paper carries out a cursory description of the historical relationships between Japan and her neighbours. The text collects bits of information about the rise and fall of the Japanese Empire from its inception, after the fall of the Tokugawa Regimen, to its dismantling in the aftermath of World War II.

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Centre for Japanese Studies

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'THE GEOPOLITICAL SETTING OF THE JAPANESE ECONOMY'

The observation of a map of the eastern coast of the Asian continent cannot fail to reveal the presence of several arrangements of arcuate islands which are present roughly from Alaska to Southeast Asia. Through a cursory description of these archipelagos and chains of islands, together with some historical notes, we will try to obtain a rough idea of the geopolitical background of the rise and fall of the Japanese Empire at the same time as we acquire further informations concerning the historical patterns of the relations of Japan with her surrounding countries.

A. The first geographical accident to call our attention is in the threshold of the geographic environment of the Japanese archipelago : it is the Aleutian islands. Starting at Kamchatka Peninsula (U.S.S.R.) and extending as far as Alaska, the Aleutian arc draws together the Asian and the American continents. The most westerly of these islands marked the north limit of the area of the Pacific which came under the control of Japan, prior to 1945 (Dollinger, 1947, p.319).<sup>1</sup>

B. Moving from this point southwards we encounter the Chishima Arc, or the Kuriles islands, stretching between the Kamchatka peninsula and Hokkaido, the most northerly of the four main islands of Japan.

North of Hokkaido, we can observe three groups of islands : The Sakhalin Islands (U.S.S.R.), stretching right towards north from the

northern tip of the Japanese island ; the Kuriles Islands, forming a chain to the northeast of the northeastern tip ; finally, in this latter area, there is a further small group known as the Habomai Islands (Etorofu, Habomai and Kunashiri), as well as the islands of Shikotan.

Japan acquired sovereignty over the southern portion of the Sakhalin as a consequence of the Treaty of Portsmouth of September 5th, 1905, which put an end to the Russo-Japanese War of 1904-5. The Kuriles Islands were recognised as belonging too Japan by Russia, in the nineteenth century.

On August 8, 1945, the Soviet Union presented Japan with a declaration of war to be effective the next day, and in consequence occupied the southern part of the Sakhalin, the Kuriles, and the Habomai and Shikotan Islands.

Under Article 2 (c) of the San Francisco Peace Treaty (Sept. 8, 1951) the terms of the Cairo and Potsdam Declarations were carried out and Japan lost to the Soviet Union the southern part of the Sakhalin (known as Karafuto), the Kuriles (or Chishima Islands), and also Etorofu-to, Habomai, Shikotan and Kunashiri. These last four small islands are still claimed today by Japan as part of her national territory.

This residual dispute between Japan and the Soviet Union constitutes a perennial source of diplomatic frictions between the two countries, since the end of World War II.

C. Hokkaido, Honshu, Kyushu and Shikoku make up the Honshu Arc of islands ; together with the Ryukyu arc it constitutes the Japanese Archipelago.

Geographically, therefore, Japan is a long and narrow insular country, stretching along the eastern shores of the Asian Continent, between lat.  $45^{\circ}33'$  N, on Etorofu-to (north border with the Soviet

Union) and lat.  $20^{\circ} 25'$  N, on Okino-tori, a very small island (the south border), in the Pacific Ocean, some 1500 km. to the south of the Bay of Osaka, which is located in central Honshu.

The east border of Japan is on Minami-tori Island, in the northeast of the Mananas Archipelago (U.S.A.), at a longitude of  $153^{\circ} 39'$  E, while the west border of the country lies close to Taiwan (China), on Yonaguni-jima, at a longitude of  $122^{\circ} 56'$  E.

The Japanese Islands, consequently, follow an axis with a north-west direction, from Etorofu-to (north extreme point) to Yonaguni-jima (extreme point of Japan in the west direction).

D. The second main group of islands in the Japanese Archipelago is the Ryukyu Arc, extending from Kyushu, the most southerly island of the Honshu Arc, until Taiwan and the Pescadores Islands, close to the Chinese Mainland.

The Ryukyu Islands, formerly ruled by an independent Japanese Kingdom, tributary of China, were incorporated into Japan in 1872, with the creation of the Okinawa Prefecture. They remained part of Japan until 1945, when Okinawa, the largest island of the group, was seized by American forces.<sup>2</sup>

These islands were placed under American administration, after the Japanese signed the peace treaty, but were returned to Japan in 1972 (Okazaki, 1986, p.40) ; however, there still remain many United States military installations on the Ryukyu islands.<sup>3</sup>

This continued military presence, since 1945, has had some undesirable economic effects as indicated by a recent study :

"Because much of the area is utilized by the military, agricultural land declined, and numerous inhabitants migrated to cities such as Naha, to seek employment in the retail trade, or with the military forces. As a result, the tertiary industrial labor force dramatically increased, and urban areas became overpopulated, while

villages and isolated islands experienced depopulation" (Noh and Kimura, 1983, p.44).<sup>4</sup>

Ienaga Saburo, in his *Taiheiyo Senso* (The Pacific War), published in 1968, before the devolution of the islands to Japanese administration, refers to other social problems associated with the American presence on the Ryukyu, "a front-line base in the aggressive strategy directed against the People's Republic of China and Vietnam" (Ienaga 1978, p.238).<sup>5</sup>

The Ryukyu Arc of islands now belongs almost entirely to Japan, and contains the extreme point of the Japanese territory in the West (Yonaguni-jima), a small islet near the coast of Taiwan (Formosa).

After World War II, Formosa and the Pescadores Islands, annexed by Japan in 1895, were returned to the Chinese.

They had been acquired as a consequence of the successes against China, during the Sino-Japanese War (1894-1895), Japan's first imperialistic campaign in Asia in modern times (Borton, 1955, pp.203-207).<sup>6</sup>

The Sino-Japanese War, in which China was defeated by Japan, had a much more profound effect on the Chinese Empire than the mere annexation by Japan of Formosa, the Pescadores and the Liaotung Peninsula. Within only three years of the Chinese defeat, the once mighty Chinese Empire was converted to the status of a semicolony to the other contemporary powers Russia, Germany and Great Britain (Okazaki, 1986, p.17).

On January 30, 1902, an Anglo-Japanese Alliance was signed, establishing Japan as the strongest force in the area.

In 1904, Japan declared war on Russia, and extended a Japanese protectorate over Korea, both steps directed toward the consolidation of a favored position in Northeastern Asia.

Russia was completely shattered and so any foreign influence

that might have threatened the Japanese security in the Korean Peninsula was driven out. Shortly after, Japan reinforced her position by annexing Korea, in 1910, which became, until 1945, a Japanese territory under the name of Chosen.

In the settlement of the Russo-Japanese War, Japan acquired the southern half of the Sakhalin. In 1874, Russia had agreed to cede the entire chain of the Kuriles Islands to Japan ; in exchange Japan had given up all claims to Sakhalin.

E. While the above area of islands are all linked one to another in a north-south direction, and at a relatively close distance to the mainland shores, the Bonin (Shichito-Marianas) Arc takes a different lead towards the clusters of islets of Micronesia, in the Pacific Ocean.

The Bonin Islands, or the Izu-Ogasawara Archipelago, is located to the south of Tokyo, approximately, on the same latitude of Okinawa. The islands comprised in the Shichito-Marianas Arc follow the Bonins in a southward direction, towards the Solomon Archipelago, close to the Equator. It incorporates the Marianas, Guam, and the Caroline Islands. To the east of the Bonin Arc, we can find two other arcuate sets of islands : the first encompasses Marcus, Wake, Marshall and also the Gilbert Islands, on the Equator ; the second one, at a considerable distance from the first, is formed by Midway, Hawaii, Palmyra, Samoa, Fiji, New Hebrides and, finally, New Caledonia, located in the northeast of Australia.

The islands of the Shichito-Marianas Arc are part of the former Japanese Micronesia (the Nan'yo gunto), which is located to the south of the Bonin Archipelago.

The Nan'yo gunto was swiftly conquered from the German Empire by Japan, during the First World War (1914-1918).

The struggle for the repartition of colonies and spheres of influence was among the most important causes of the First World War.

Having been defeated in the war Germany was deprived of all her colonies, which passed to Great Britain, France, Japan, Belgium, Portugal, Australia, New Zealand and the Union of South Africa, under the Treaty of Versailles of 1919.

In the Pacific Ocean Japan received a League of Nations mandate on the German islands that were north of the Equator, the Australian Commonwealth received New Guinea, and New Zealand the Samoan Islands.

In China Japan received the entire Shandong Province, having already taken possession of the Liaotung Peninsula and southern Sakhalin, after defeating Russia, in the Russo-Japanese War of 1904-05. With the annexation of Korea, in 1910, Japan also established a virtual control over southern Manchuria.

After the First World war the formal Japanese Empire became complete, but as Mark R. Peattie observes, the Japanese occupation of Micronesia, from 1914 to 1944, was an anomaly within the nation's colonial experience : "The rest of the empire was generally compact and at a close distance of the metropolis, whereas the Nan-yo lay dispersed over an expanse of ocean stretching from the arcuate islands of the Marianas, in the Western Pacific, across widely separated high islands of the western and eastern Carolines, to the remote atolls of the Marshalls to the east. Yet together they comprised the smallest land area in the empire, eight hundred and sixty miles in all. Inhabited by technologically primitive, comparatively docile and wide scattered peoples..." (Myers and Peattie, 1984, p.172).<sup>7</sup>

During the thirty years from 1895 to 1925, the structure of international relations in the Far East was transformed by the emergence of Japan as a World Power.

Kajima Morinosuke describes this period as the golden age of Japanese diplomacy, "a period which saw Japan, a tiny isolated nation lying off the Asiatic mainland, attain parity with other powers and

after overcoming countless difficulties advance resolutely along a path which eventually won her a place among the most powerful nations of the World" (Kajima Morinosuke, 1968, p.9).<sup>8</sup>

After 1925, with the ascendancy of the militarists in Japan, the country started to tread a path of violent conquests in Asia, culminating with her plunging into World War II, and consequent destruction.

Associated with the Japanese Archipelago and other arcs of islands which follow it to the South, and to the North, along the eastern coast of Asia, there are a number of Mediterranean seas, some of them not completely land-locked, which have considerable economic and strategic importance for this region.

1. In the far North, the Sea of Bering, enclosed by Alaska, the Aleutians and the Siberian coast is the first of this series of inland seas, facing developing regions of potentially great significance for the Japanese economy, given the World's fast economic restructuring. Underdeveloped Alaska is one of them.

Alaska, by its geographical position on the North Pacific Rim, is a natural economic partner to Japan, some American experts say : "The two entities make up almost the classic case of economic complementarity. Alaska has the resources which Japan needs, and Japan has the sophisticated industrial economy which Alaska presently seeks. The strengthening and elaborating of commercial ties is in the larger interest of all parties, including important benefits to the United States of trade and balance of payment support and to Alaska in terms of steady pace of growth and development" (Arlon R. Tussing, et al. 1968, p.9).<sup>9</sup>

2. Closer to Japan, the Sea of Okhotsk, circumscribed by the Kamchatka Peninsula, the Kuriles and the Sakhalin Islands, is a hot spot in the Soviet-Japanese relations.

Perhaps one of the most disconcerting caprices of the geography of the Soviet Union is the fact that this country does not have direct access to the Pacific Ocean. The growth of the Soviet fleet, for war as well as fishing purposes, in the Pacific makes this geographic hindrance particularly poignant for that country.

Japan has territorial control over all the outlets that the Soviet Union must use to reach the Pacific. The occupation of the Kuriles and of the Japanese Northern Territories, by the Soviet Union, in 1945, must be focused in this context, as a strategic move aimed at securing effective control over at least two northern straits leading from the Okhotsk Sea to the Pacific, the Soya Strait and the Memuro Strait, between Kunashiri and Hokkaido.

For many centuries Russia was seeking an exit to the ocean and warm water ports ; their efforts were frustrated, and their only remaining passages are through the Soya and Tsugaru Straits. In spite of this one-third of the entire Soviet navy is deployed in East Asia (Okazaki, 1986, p.36).

3. The island of Sakhalin separates the Okhotsk Sea from the Sea of Japan, which appears compressed by the Sakhalin and the islands of Japan against the coasts of Siberia and the Korean Peninsula.

The Sea of Japan is closed in the North by the Tatar Strait, belonging to Russia, and not navigable, due to its shallowness, and by the Tsugaru Strait, between Hokkaido and Honshu. In the South it is blocked by the Korea Strait.

Three islets can be found closing the Korea Strait, the Tsushima Islands, nearer to the Korean coast, and the Iki Islands, closer to Kyushu, so that the strait is thus divided in three channels of considerable strategic importance, those around Tsushima being known as the Tsushima Straits.

The Soviet Union have always shown a great interest in free



passages through the straits controlling the exits from the Sea of Japan and the Sea of Okhotsk.

At the end of World War II, the Soviet Union proposed to occupy the northern and eastern parts of Hokkaido, which dominates the Soya and Memuro Straits, but did not implement this plan and instead seized Kunashiri, Etorofu, Habomai and Shikotan, originating the existing territorial dispute between the two countries.

The Security Treaty between the United States of America and Japan, signed on September 1, 1951, granted to the U.S. the right of maintaining land, air and sea forces of its own in and about Japan, which also agreed not to cede, without the prior consent of the U.S., any rights relating to bases or transit of ground, air or naval forces to any third power.<sup>10</sup>

The enforcement of this treaty could reduce considerably the movements of the Soviet fleet, most of it stationed in the Sea of Japan, near Vladivostok.

The present rapprochement between the Soviet Union and China (Febr, 1989), and the easing of the tensions with the United States, within a general framework of political and economic reforms inside the Communist Bloc, creates a whole different climate for the development of Eastern Siberia, a region with a resource endowment similar to that of Alaska and Western Canada.

Rather than a mere buffer zone protecting the heartland of the Soviet Union, Siberia will acquire an economic importance of its own and will be able to become a suitable vent for Korean and Japanese investments. This perspective is already fostering a better understanding between both Koreas, while still receiving a cold attention from Japan, a country destined by her geography, development and frail position inside the present world economic order, to play a more conspicuous role in the industrialization of the underdeveloped regions of both China and the Soviet Union.

The development of Siberia with Japanese, Korean and Western participation could absorb a considerable amount of the surplus of semi-skilled labour now existing in many developing economies of East Asia.

4. The main geographical link between Japan and China is the East China Sea. It is bounded westward by the coasts of Mainland China and eastward by the Japanese island of Kyushu and the Ryukyu Arc. The East China Sea is closed in the south by Taiwan and the Pescadores Islands.

The northern part of the East China Sea is the Yellow Sea, between China and the Korean Peninsula.

The economic region around the Yellow Sea (including Japan, Mongolia, China's northeast, the Korean Peninsula, Taiwan, Hong Kong and China's provinces of Shandong, Jiangsu and Zhejiang) is being considered as the natural components of a quite feasible Northeast Asia Economic Zone.

This idea is now being put forward in China, by members of the Economic Research Center of the State Planning Commission (The Japan Times, Febr. 5, 1988, p.17).

The Yellow Sea economic circle would include the countries influenced by oriental culture. The Chinese arguments in favour of such an idea are based on the growing regionalization of the economic activity in the World, through the formation of trading and economic blocs in Europe, America, Africa and in some parts of Asia.

Facing the trade castles of Europe and of the United States, Japan would have to seek new markets and new areas where to transfer some of her industries, which are loosing competitiveness due to the high cost of labour in the homeland, and the yen revaluation.

South Korea, now losing her preferential trading status in the American markets, would be wise to join the proposed Northeast Asia Economic Zone, according to the Chinese.

5. The most southerly in this complex of East Asian inland seas is the South China Sea.

It unites most of the countries in Southeast Asia and is land-locked, westward, by the coasts of Indo-China and the Malayan Peninsula and, eastward, by the Luzon-Borneo Arc of islands, extending from the Island of Taiwan to the Malayan Peninsula, in a north-west direction, off the coast of the mainland.

The South China Sea is limited by the southern islands of Indonesia, which form an arc extending from Sumatra, close to the Malayan Peninsula, until Timor, near the north-west coast of Australia. The Indonesian Islands also set the limits of East Asia in the South.

6. From the south of Burma until the north of Sumatra, another arc of islands, the Andaman-Nicobar Arc, in the Bay of Bengal, draws the limits of East Asia in the western direction, already in the Indian Ocean.

Southeast Asia was the last region in the Pacific to suffer Japanese occupation, from 1942 to 1945. The human sacrifices and suffering resulting from the Japanese military presence on these countries are well known, both to the Asians themselves and to the thousands of Westerners who lived in Asia, in jobs and activities related to the colonial presence of the Netherlands, Great Britain, France and the United States.

The year of 1945 brought to Southeast Asia not only the end of the Japanese domination, but also the rise of national movements of independence. In this fateful year Europe started to lose her political dominance in Asia, forever (Dollinger, 1947, p.318).

The political consequences of the brief period of Japanese rule in Southeast Asia is rarely studied. In Japan, since the war, people are dutifully practicing historical amnesia. In Asia itself, the

post-war years have not been propitious to the conservation of records and documents related to foreign occupations, colonial or Japanese, both execrated to this day in the region.

A recent publication of The Japanese Experience in Indonesia. Selected Memoirs of 1942-1945, edited by Anthony Reid, seems to corroborate the opinions of those urging for a reassessment of the whole problem and its consequences.<sup>11</sup>

In the short period of their occupation, the Japanese engaged in an intensive effort of indoctrination and military training, aimed at undermining the colonial mentality of the Asian populations. The Japanese slogan "Asia for the Asians" stirred up an anti-Westernism which manifested itself powerfully in the post-war years as anti-colonialism. The youths of Southeast Asia recruited and trained in regular Japanese armies, and the officers sent to military academies in Japan, led the post-war struggles for independence, notably in Indonesia (Wray and Conroy, 1983, p.324).<sup>12</sup>

It is a fact though, that the consolidation of the Socialist Bloc of countries, after World War II, and the firm stand taken by the United States and the Soviet Union, in dissolving the colonial empires, created a favourable environment in which Asian nationalism, once stirred up, could thrive and bloom.

The vastness of the Pacific, the geographical and cultural complexity of the East Asian World, a cultural complexity shared by the Japanese themselves, in the highest degree, are among the factors that may explain both the sweeping successes and the crippling failures of Japan in her attempt to attain political hegemony in Asia by force, in the last hundred years.

In their single-minded pursuit of autarky and economic security for themselves in the past, through territorial expansion, the Japanese were able to profit from a number of quite favourable

circumstances pertaining both to the internal organization of their national life and the vagaries of the international relations among the European superpowers, in their contentions about the political and economic control of this side of the World.

After World War II, the Japanese economy was reconstructed and reinserted in the World economy as an open market-oriented economy.

Many people in Japan take for granted the present state of affluence now visiting their country. They easily forget that the economic performance of Japan, in the last thirty years had as one of its main causes a favourable international environment, deliberately nurtured by the United States, whose political aim was to create a capitalist stronghold in East Asia, as a device to contrarrest the mounting of unexpected communist pressures in the Far East.

The improvement of relations between the United States and the Soviet Union, and between this country and China, will establish a completely new political environment in the World, one which will permit a closer economic cooperation among all countries of the globe, irrespective of their ideological orientation, and for the sake of humanity.

In this circumstance Japan no longer will enjoy the status of an indispensable partner facing an opposite camp in a sensitive region of the World.

The industrialized countries in the West will take the correcting measures necessary to redress the imbalances of their economic and social systems.

This means that free trade, in the form Japan has been enjoying, will not survive ; and it means also that the United States and Europe will have their hands free to act with greater consistency in matters of external economic policy, in order to cope with internal social problems.

In this context, regions of the World now developing may have a much greater importance to the economic survival of Japan than many people are now prepared to accept.

Asia, Latin America and Africa and the Socialist countries will necessarily become crucial partners of Japan in the future, as a matter of necessity.

Japan, as a recent newcomer among the economic superpowers, now strives to define and actually exert a more active international and political role, in a degree commensurate with her present economic envergure, and growing financial supremacy in the World.

The eagerness with which Japan patronizes some international institutions, no longer fulfilling their original purposes, let us suspect that the real preoccupation of the Japanese is merely with the maintainance of the present status quo, favourable to Japan, but untenable in the long-run, economically as well as politically.

Japan cut herself off from the World in 1639, plunging into an almost complete state of isolation. In 1853, Japan was re-opened to international life, but shortly after turned her back to Asia, and embraced Westernization through modernization as a state ideology. The attempts to establish a broader territorial basis for development failed, and the country was reduced to ashes.

Japan was rebuilt and rose to her present prosperity, a transient phenomenon, rooted in an abnormal world situation.

But the Japanese are very slow in anticipating problems. A recent visit of the Soviet Foreign Minister to Japan (1988) accomplished nothing, his projected visit to China, under invitation of the Chinese government, now stirs the minds of the Japanese analysts. On the other hand a presidential election in the United States as well as any minor problem involving the U.S. receives a full coverage in the Japanese media.

In fact Japan behaves as a colony in relation to the United States, responsible for her defense, provider of her markets, supplier of a considerable part of her food, censor of her moves in the international scene, her largest borrower, and finally, the accomplished model she set to catch up with. Even the kind of English that Japanese schools pretend to be teaching to their pupils is officially declared to be American English.

In these circumstances relations between Japan as a nation (distinguished from Japan as a most successful trading company) and the other countries of the World cannot exceed the narrow limits of the buying and selling, lending and borrowing activities. The cavalier treatment Japan received from oil-supplier countries in the Middle East proves that business is not enough to create respect among nations.

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See : Fig. 1.1, ("Shape and terrain character of the Japanese Archipelago are closely related with structural arcs and nodes. Six main arcs are involved, and three principal nodal areas").
2. See Borton, 1955. Japan's Modern Century, pp.159-162. At the time of its incorporation into Japan the Ryukyu (Liuchin) Islands sustained an estimated population of 167,572 inhabitants, with distinctive cultural and linguistic characteristics of its own. "In language and customs the Ryukyuan (or Okinawans) show similarities to both the Chinese and Japanese, but seem to be more closely related to the latter."
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The Author presents from a critical Japanese point of view an account of the second phase of the Second World War and its preliminary developments since 1931 (the Manchurian Incident). In a way the book supplies a comprehensive review of the Japanese history since 1931. Being already an adult at the time of the war, and as an historian of modern Japan, Ienaga took great pains to offer a personal interpretation of the Pacific War, through a critical perspective on Japan's role in World War II.

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The book is based on a conference held in August 1979 at the Hoover Institution, Stanford, sponsored by the Joint Committee for Japanese Studies of the American Council of Learned

Societies and the Social Science Research Council. Fourteen contributors and the editors focus on the study of the formal colonial empire of Japan : Taiwan, Korea, Karafuto (Southern Sakhalin) the Kwantung Leased Territory on the Liaotung Peninsula, and the Nan'yo (the Japanese mandate islands of Micronesia).

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Written by a well-known Japanese diplomat and prolific writer, this book studies the transformation of the international relations in the Far East during the thirty years from 1895 to 1925. In this transformation Japan played a key role as an emergent world power.

The book contains an analysis of Japan's diplomatic activity during this crucial period as well as a historical survey of the events of the whole period.

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Treaty between the United States and Japan ; 4. Security Treaty between Australia, New Zealand and the United States ; 5. Treaty constituting the European Coal and Steel Community.

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See also :

Ramon H. Myers and Mark R. Peattie (eds.) 1984. The Japanese Colonial Empire, 1895-1945. Princeton : Princeton Un. Press.

4. 'JAPAN AND THE ECONOMIC REBIRTH OF THE EAST ASIAN WORLD'

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ABSTRACT : This paper studies Japan as part of the East Asian World. It will provide an overview of the present day Asian economic development as well as of Japan's economic and political environment in the Pacific Basin. The paper focuses therefore on the relationships between Japan and her developing neighbours, now emulating her, but still remindful and strongly resentful of the actions and methods of the Japanese during their imperialistic inroads on Asia from 1895 to 1945.

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Centre for Japanese Studies

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'JAPAN AND THE ECONOMIC REBIRTH OF THE EAST ASIAN WORLD'

Japan is an insular country in the Pacific Rim, off the shores of Northeastern Asia, facing the Soviet Union, the Korean Peninsula and the Chinese Mainland.

The country stretches for 3,500 Km. between the Kuriles Islands (U.S.S.R.) and Taiwan (China), occupying a vast region in the Northern Hemisphere. Actually, after the recent extension of national sovereignty over coastal areas to 200 nautical miles around her 3,900 islands, Japan became the seventh largest country in the World, with a land-water surface of 4.5 million square kilometers (Ohmae, 1987, p.3).<sup>1</sup>

The Japanese coastline is 30,000 Km. long. By comparison, the length of the Soviet Union's border, which constitutes the World's longest dry land boundary, is just 20,000 Km. in extension (The Japan Times, Jan. 22, 1989, p.18).

The country avowedly lacks enough arable land, coal and mineral resources in sufficient quantities, as well as oil.

In the presence of such scanty factor endowment, the key to the remarkable economic performance of Japan is to be found in her human resources and in a particularly favourable set of conditions in the international environment.

With her 122.8 million inhabitants, well educated, trained, disciplined, hard-working and extremely frugal, Japan is very well

endowed with that kind of resources which are really crucial for the successful economic development of any country.

East Asia, the region of which Japan is an inseparable part, is an immense region in the Pacific Basin, extending from the Peking Strait, in the Arctic Circle, to the Bay of Bengal, in the Indian Ocean.

It encompasses Eastern Siberia (U.S.S.R.), the Japanese Islands, the Korean Peninsula, coastal China, Indo-China, the Philippines and the Malayan Archipelago.

This region attracts the World's attention today on account of its unexpected surge of rapid economic development, occurring in defiance of many serious prognostics to the contrary emanating from experts in the social sciences, who seemed prone to forecast to Asian lands nothing else besides appalling illiteracy, impending famines, recurrent epidemics and widespread misery.

As near as 1968, Gunnar Myrdal produced a massive research, published as The Asian Drama, in two volumes, where the then existing prospects of development in Asia, especially in South Asia, were depicted with particularly dismal colours.

Asia was shown by the respectable Swedish author as a tragedy of stagnation, population pressure, inadequate social structures and rampant economic underdevelopment.

As a matter of fact, Myrdal's painstaking research effort on Asian socio-economic conditions just came as a reinforcement to Western long-held opinions on Asia, as an extremely inhospitable place for decent human life, just a huge scenario for an impending human catastrophe.

Fortunately, the actual performance of the Asian nations, during the 1970s and 1980s, invalidated most of these pessimistic prognoses formulated after World War II.

Since the 1950s, Japan grew miraculously and soon other Asian countries in East Asia started following suit to the rapid growth of the Japanese economy. East and Southeast Asian developing nations were able to present a growth rate around 7.4% during the 1970s.

East Asia as a whole achieved a faster growth rate than any other region in the World, whether industrialized or under-developed, including the oil-producing countries in the Middle East, during the 1970s (Ishimura, 1988, Chapter 1).<sup>2</sup>

Since the late years of the 1970s, South Asia countries have also joined in this rapid development performance, so that today Asia is a most promising region, capable of becoming next century's most crucial economic area on the globe.

On the basis of the World Development Report, 1985 and 1986, a Japanese research team constructed a five group classification for the Asian countries, according to their growth performance and patterns of growth dynamics (Ichimura, 1988, p.9).

We will present here this classification, adding the per capita G.N.P. in dollars of 1984, and the population of each country, in millions of people, as estimated by the World Bank in mid-1984. Japan falls outside of this classification, as an already fully developed free-market economy, whose income per capita, in terms of GNP, was US\$ 10,630 in 1984, for a population of 120.0 million people.

In 1984 Japan was already a giant economy in the Asian and in the World contexts, the other countries can be classified as follows :

A. Resource-Poor Northeast Asia Countries or The Asian Newly Industrializing Countries (NICs)

Country	Income	Population	Area
South Korea	US\$ 2,110	40.1 million	99,540 sq. km.
Taiwan	\$ 2,612	18.1	35,980
Hong Kong	\$ 6,330	5.4	1,033
Singapore	\$ 7,260	2.5	580

B. Resource-Rich Southeast Asian Countries

Country	Income	Population	Area
Indonesia	US\$ 540	158.9 million	1,919,263 sq. km.
Philippines	\$ 660	53.4	299,765
Thailand	\$ 860	50.0	513,517
Malaysia	\$ 1,960	15.3	330,669
Brunei	\$20,000	0.19	5,765

C. Primarily Agrarian South Asian Countries

Country	Income	Population	Area
Bangladesh	US\$ 130	98.1 million	142,776 sq. km.
Nepal	\$ 160	16.1	141,414
Burma	\$ 180	36.1	678,031
Sri Lanka	\$ 360	15.9	65,610
Pakistan	\$ 380	92.4	803,941

D. Giant Economies

Country	Income	Population	Area
India	US\$ 260	749.2 million	3,287,593 sq. km.
China	\$ 310	1,029.2	9,560,948

E. Asian Socialist Economies

Country	Income	Population	Area
Laos	US\$ -	3.5 million	263,798 sq. km.
Kampuchea	\$ -	7.0	181,035
Vietnam	\$ -	60.1	334,331
North Korea	\$ -	19.9	121,248

Source : Shinichi Ichimura, 1988, Challenge of Asian Developing Countries. (Tokyo : APO), p.9.

As it can be observed from this table the wave of economic development now mounting in Asia is not uniform. Japan has an income comparable to, or exceeding those of the most developed Western countries, over US\$ 10,000, at the exchange rate of mid-1986.

All other Asian countries are developing nations at different stages of progress. The Asian economic environment also includes four socialist economies, whose GNP per capita is not available for comparison. Their economic potentials are not quite different from those of their neighbours in Northeast or Southeast Asia, but they



suffer the consequences of recent wars and inadequate reinsertion into the international community.

Excluding this last group in our table, i.e. the Asian socialist economies, we can regroup the remaining countries into three classes, according to the level of their income per capita :

#### A. UPPER MIDDLE INCOME ECONOMIES

This class includes those countries with a per capita income between \$2,000 and \$7,000 : South Korea, Taiwan, Hong Kong and Singapore. All of them, except the last, are located in Northeast Asia, around Japan, and are known as NICs (New Industrializing Countries) or NIEs (New Industrializing Economies).

#### B. LOWER MIDDLE INCOME ECONOMIES

Included in this class are those countries whose incomes per capita are between \$400 and \$2,000 : Indonesia, Philippines, Thailand, Malaysia. Brunei is a special case following an oil-economy pattern.

These are all Southeast Asian non-Communist countries, members of ASEAN (Association of Southeast Asia Nations), which includes Singapore, the most developed country in the region, but with an area of just 580 sq. km.

Launched at Bangkok (Thailand), on August 7, 1967, "ASEAN translates the dominant political concern of these militarily weak countries, striving to maintain their independence and integrity in face of the open competition for influence and hegemony among the major powers" (Shibuzawa, 1984, pp.5-6).<sup>3</sup>

In other words, ASEAN was created as an instrument for the defense of its member countries against the danger of being swallowed up or trampled to death by the more powerful countries with interests in the area.

#### C. LOW INCOME ECONOMIES

This class encompasses countries with income per capita below

US\$400. India and China, two giant economies, according to their geographical extensions and populations, belong to this group. The other members are Bangladesh, Nepal, Burma, Sri Lanka and Pakistan.

Until very recently, Japan was hailed as unique, and as the only fully industrialized market economy to rise outside the closed circle of Western developed nations ; quite an exceptional case though, a miracle certainly not to be seen on the Asian continent again.

Since the end of her self-imposed seclusion from the World (1853) until the final year of the Showa Era (1989), the Japanese have been lecturing to Asia the secrets of successful modern economic and social development, in a resource-poor setting.

During this relatively short period, Japan was able to rise from a state of perfect feudal immobilism to the ranks of the most advanced economies in the world. This fact was accomplished through a deliberate and inflexible policy of social and economic development aimed at becoming level with the advanced Western economies and eventually outpacing their performances and political power.

Asia observed and learned from the Japanese example. Obviously, the pattern of an Asian country's growth dynamics vary according to her income group and resource endowment (Ichimura, 1988, p.17).

Several factors can be listed as explaining the fast growth of the Asian countries from the 1960s until the present, despite the two oil crises in the 1970s and the sweeping changes in the international financial markets, which played such havoc among the Latin American developing economies, much less resilient to these external shocks.

Even granting the extreme diversity among the many countries of the region, it is plausible to argue that in varying degrees the following conditions prevailed in the economies of those that succeeded :

1. Tolerable income distribution ; fairly reliable public and

private institutions ; relatively sound fiscal and monetary policies ; as well as political stability and absence, or quite low levels of social unrest.

2. Declining fertility and adequate supply of highly qualified human resources.
3. A high savings ratio together with high rates of capital accumulation and extensive building of infrastructure.
4. Industrial and green revolutions through technological transfer and direct investments from abroad.
5. Virtuous circles of expert-led growth and the locomotive role played by the Japanese and American economies.

In other words : solidarity between the governments and the private sectors ; massive investments on human capital ; industrialization based on the studious acquisition of foreign technologies ; and an equitable income distribution which was effective in obliterating social unrest, are the main forces drawing East Asia out of the vicious circles of social backwardness and underdeveloped resources.

As a staff member of the former Southeast Asia Treaty Organization pointed out, the emerging high growth area of market economy states in East Asia, led by Japan, have prospered dramatically "through vigorous export promotion, supported in most cases by administrative guidance of their private sectors, and in varying degree by efforts to draw foreign direct investment into appropriate operations within plans for balanced and diversified industrial development" (Gavin Boyd, 1989, pp.5-6).<sup>4</sup>

Today, green revolutions throughout Asia are assuring self-sufficiency in food supplies, exorcizing the spectres of famine and disease, while in some countries labour intensive products, food processing and exports of raw materials are already being replaced by

semi-conductors and computers, and numerous other commodities whose production requires the mastering of advanced technologies.

Although the depth and extension of social problems in Asia may be much more serious than in Latin America, due to racial and ideological divisions among certain populations, today with a few conspicuous exceptions, we do not breathe on the Asian continent the same atmosphere of doom, waylessness and discouragement as we do in Latin America, because in the East nations display a stronger will to live, are more self-reliant and much less indebted.

There is no doubt that East Asia, and at least part of the south and Southeast of the continent, are nowadays in the middle of an industrial revolution which is rapidly changing the urban and rural profiles and the social and economic structures of these countries. Asia is indeed in a mood for development and national reconstruction which will place this continent in an economic position compatible with the needs of her huge populations.

Japan is beginning to play an important role in this economic revival of old Asia.

The geographic environment of the Japanese Islands may be thought as including Northeast Asia (including Eastern Siberia), Southeast Asia, South Asia and finally the whole of the Pacific Rim. The involvement of Japan in this region is growing, but highly selective, as the Japanese tend to attribute different status to each country in the region.

This discrimination that Japan practices in its foreign and economic relations towards countries in the Third World is one of the most annoying facts faced by these nations in their efforts to enlist Japanese collaboration, and one that maculates extensively the image of Japan as a growing super power.

The increasing vitality of the countries in the Pacific Basin, in

this last quarter of the 20th century, constitutes one of the most dramatic changes in the structure of the world economy.

As pointed out in a recent study, in 1960, for example, the combined domestic products of the Asian-Pacific countries (i.e. excluding the United States) was a mere 7.8% of the World gross domestic product ; by 1982, it had more than doubled, to 16.4%, and since then the area's growth rates have exceeded those of Europe, the United States and the USSR by ever wider margins. It is very likely to contain 20% of the World gross domestic product by the year 2000 - the equal of Europe, or the United States ; and "that achievement will occur even on the basis of growth rate differentials much smaller than those which have existed over the past quarter-century" (Paul Kennedy, 1987, p.441).<sup>5</sup>

The emergence and rise of the Pacific region in the world economy is likely to continue as it encompasses not only Japan and the rapidly developing countries of Northeastern Asia, but also a variety of others well positioned on the road of further development.

It includes the United States and Canada, just beginning to form a huge integrated market between themselves, but also the giant Chinese economy, a colossus now plunged in a swift liberalizing process of her economic activities.

Australia and New Zealand, well developed, and quite European in outlook, are also integral and significant parts of the Pacific Realm, together with their close Southeast Asian neighbours : Indonesia, Malaysia, Singapore, Brunei and the Philippines.

Australia, one of the very richest countries in the world, presently experiencing some relative economic decline, due to problems involving her external accounts, is now fully engaged in a policy aimed at strengthening her ties with Japan.

The two countries are just agreed to build an effective

partnership to assure security and development in the Asia-Pacific Region, as well as the reinforcement and widening of their economic and scientific relations.

The idea of a constructive partnership between the two countries was proposed by Japan's Foreign Minister, Sousuke Uno, aiming at the promotion of peace and prosperity in the Asia-Pacific region, the maintenance and strengthening of the Western Bloc trade system, the confrontation of global environmental problems and the further diversification of bilateral ties.

The improvement of relations between East and West ; the progress being achieved in the settlement of regional conflicts ; the movements towards the erection of regional trade blocs, in some parts of the world ; and the economic dynamism now sweeping across the Asia-Pacific region pose new responsibilities on the roles played by Japan and Australia in the management of World politics and economy, as the two major industrialized democracies in the Asia-Pacific Region.

As a precondition for such increased cooperation, the Japanese Foreign Minister declared, Japan and Australia should further diversify their ties in not only trade but also investment, scientific, technological and cultural exchanges. (The Japan Times, Jan. 28, 1989, pp.1 & 5).

Although hardly remembered, Eastern Siberia, now opening to foreign investments, is also a resource-rich candidate to join the region's economic dynamism in the near future as the last barriers of ideological prejudice and reciprocal intolerance and suspicions between the East and West blocs cede the ground to the urgent tasks of guaranteeing the well being of the whole Asian-Pacific Realm through responsible and open-minded strategies of international cooperation.

Nonetheless, the political barriers still obstructing the way to wider economic relations among the Asian nations seem more formidable than those separating the peoples in Africa, Europe or Latin America.

The political scene of the Asian Pacific countries, in the post-war years, is complex ; and even between the few Communist countries in the region, political understanding is difficult : "the Asian Pacific countries are very diverse in their culture and history ; the process of their post-war development, both economic and political has been unstructured and erratic. Even the Communist countries in the region (China, North Korea, Vietnam, Kampuchea and Laos) have shown little solidarity, and what is more, their relationship with the Soviet Union has been marked by violent fluctuations. Likewise, the non-Communist countries have held a variety of political stances, ranging from anti-communist to neutral, so that there was little to encourage them to form a united front.' (Shibuzawa, 1984, p.9).

As for Japan, even though geographically an inseparable part of East Asia, her economic and political development has been quite unlike that of the region as a whole.

"Despite its far-flung activities" Shibuzawa says "Japan seems to have particular difficulty in finding its place in the world." (Shibuzawa, 1984, pp.1-9).

This difficulty, expressed in a deep sense of isolation and singularity, can find its explanation in the historical evolution of the Japanese people. As for the present difficulties encountered by Japan in her relations with Asian countries, especially with North and South Korea, China and Southeast Asia, they have a proximate cause in recent historical events.

Besides being the first non-Western nation to attain full economic development in this century, Japan has also acquired for herself the unenviable distinction of being the only Asiatic nation to have built and lost completely an empire in fifty years.

From 1895 to 1945, Japan was able to carve out an empire in East

Asia and in the South Pacific islands, causing admiration, stupefaction, fear and finally lasting hatred towards herself in the whole of Asia, and in the world outside as well.

At the limit of its expansion this Japanese political entity practically touched the whole of the area we have been considering : It bordered the Soviet Union, in Sakhalin, Manchuria and the Kuriles Islands, and stretched right down coastal China, through Korea, Taiwan, Indo-China, Thailand and Burma to India, embracing Sumatra, Borneo, Java, the Celebes and New Guinea, until the threshold of Australia. The tentacles of the Japanese Empire also spread through the former German islands of the Pacific Ocean, and out into the Indian Ocean towards East Africa and the Middle East (Dollinger, 1947, p.319).<sup>6</sup>

This historical fact, of recent memory, is the main cause behind the suspicions and political isolation involving Japan in her contacts with Asia today.

The relations of Japan with her northern neighbour the Soviet Union, are particularly strained in consequence of a territorial question between the two countries. This perennial source of diplomatic attrition is the result of the Soviet occupation of the Kuriles Islands, at the very close of the Second World War, following the secret, and crucial, dispositions of the Yalta Agreement, signed by Roosevelt, Churchill and Stalin, in February 1945.

This Agreement supplies an illuminating account of the background of the Soviet 1945 occupation of the Japanese Kuriles Islands and of the fate of the Japanese Empire.

In their preliminary talks, held in Cairo in 1943, whose conclusions were issued as the Cairo Declaration, Chiang Kai-shek, Churchill and Roosevelt reached a fateful decision about Japan : - "Japan shall be stripped of all the islands in the Pacific which she



has seized or occupied since the beginning of the First World War, in 1914, and of all the territories she has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores Islands which shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence or greed. The aforesaid great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent" (Hugh Borton, 1955, p.388).

In Yalta the Soviet Union was invited to declare war on Japan as soon as possible. After the War, Japan was reduced territorially to her four main islands, and adjoining smaller ones, to a total land area of 377,483 square kilometers, equivalent to the area of the State of California, in the U.S.A.

The painful memories of the ruthlessness of the Japanese actions against Asian peoples during fifty years, between the rise and fall of Imperial Japan, still hang heavily on the minds of the nations involved, and constitute the sources of the difficult political environment surrounding Japan in Asia and in Europe, until today.

This is a situation that distresses many Japanese, for Japan is now striving to play a more active political role in the international scene, in a degree commensurate with her present and future economic envergure and growing financial supremacy in the world community.

By geography Japan belongs to Asia and actually she is an integral part of the vast East Asia realm, just an eastward extension of it, as clearly attested by her language, culture, anthropological and religious features. It is impossible though to claim any unit, in structure or culture, for this region. Politically, racially and linguistically, Asia is a mosaic. The rivalities and rancors among Asian nations are profound and may be irreconcilable in the near future.

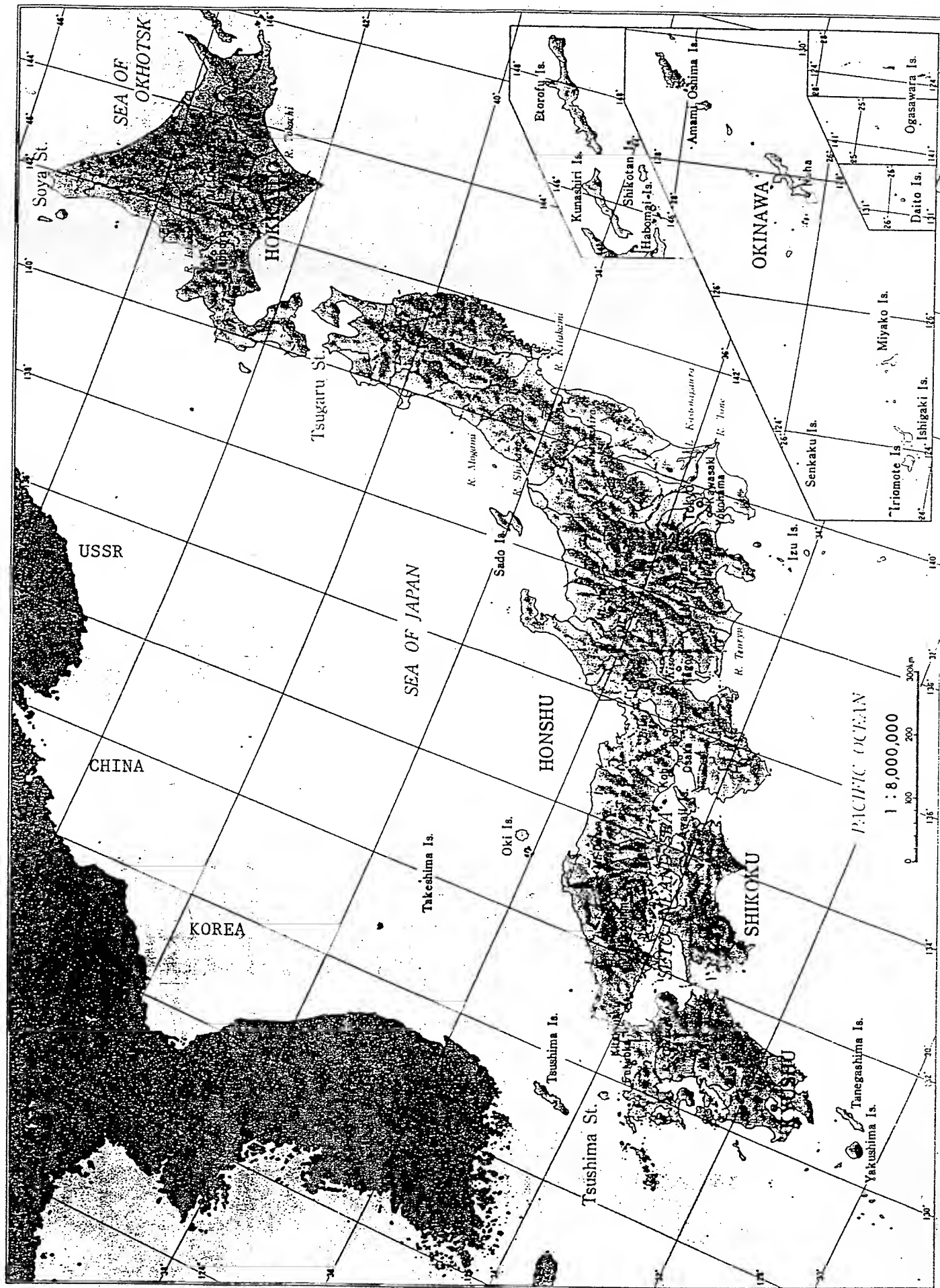


Fig. 1 The Sea of Japan Economic Zone

NOTES AND BIBLIOGRAPHICAL REFERENCES

1. Ohmae Kenichi, 1987, Beyond National Borders. Reflexions on Japan and the World. Tokyo : Kadansha International. See : Introduction (The Wealth of Japan), pp.1-11.

In this book, Ohmae Kenichi, one of the World's leading business strategy experts, castigates the tendency of the Japanese of thinking of themselves as belonging to a small resource-poor island country in constant need of the world's good will.

According to Ohmae, "Japan must grow up. It must abandon its long history and mind-set of an isolated island nation in order to become a truly global citizen' (Op. cit. p.ix).

2. Ichimura Shinichi, 1988, (ed.) Challenge of Asian Developing Countries, Tokyo : Asian Productivity Organization. Nordica International (Hong Kong).

This is a massive study (692 pages), which contains the report of a research group on Development Strategies and Productivity Issues in Asia, commissioned by the Asian Productivity Organization (APO).

Part One treats the key issues, while Part Two studies problems related to the development of each country. Our account on Asian development is based on Ichimura's Introduction ("The Pattern and Prospects of Asian Economic Development") pp.7-61.

3. Shibuzawa Masahide, 1984. Japan and the Asian Pacific Region, Sydney : Croom Helm. Published by the Royal Institute of Int. Affairs.

The book contains a research study on the political and economic changes that have occurred in the Asian Pacific Region

since World War II and their implications ; it also addresses questions related to the path trodden by Japan, her position and the problems she has faced. The Author discusses and speculates about Japan's future, too.

4. Gavin Boyd, 1989. Pacific Trade Investment and Politics. London and New York. : Pinter Publishers.

The Author, Professor of Political Science at Saint Mary's University, Halifax, Canada, studies the emergence of a high-growth area of market-economy states in East Asia, and discusses the opportunities thus open for Western firms and the options possible for the governments, in this dynamic pattern of economic relations between East Asia and North America.

5. Paul Kennedy, 1987. The Rise and Fall of the Great Powers. New York : Vintage Books.

The Author, Professor of History at Yale University (U.S.A.) studies the Pacific Rim countries from the point of view of modern strategic and international affairs. He also addresses himself to the dilemmas of the American diplomacy in the face of a declining U.S.A., as an hegemonic power in the Pacific Region. Japan is considered in the past as for the dilemmas facing her in the future. See : "To the Twenty-First Century," pp.438-471.

6. Hans Dollinger, 1947. The Decline and Fall of Nazi Germany and Imperial Japan. A Pictorial History of the Final Days of the World War II. New York : Bonanza Books.

The book contains in his second part, one of the earliest accounts of the war in the Pacific. See : "The Collapse of Japan's Co-Prosperity Sphere in S.E. Asia," p.319.

7. Hugh Borton, 1955. Japan's Modern Century. New York. The Ronald Press.

A well known reference book on the history of Modern Japan,

from 1850 to 1954, by a former director of the East Asian Institute of Columbia University.

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5. 'STUDYING JAPAN : A STATEMENT OF PURPOSES'

by Prof. Dr. DARCY CARVALHO

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ABSTRACT : This paper states the scope and objectives of a research project on The Japanese Economic System and Its Environment. A Study on the Economic Development of Japan and Its Main Causes, as they were first established in Japan, at the Faculty of Economics of Yokohama National University, in 1988. It reflects some of the author's early perceptions and reactions to the Japanese universe and cultural milieu.

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'STUDYING JAPAN : A STATEMENT OF PURPOSES'

Despite initial difficulties that may pose strong motives for discouragement, I do believe that the effort to start a wider front of research on Japan is worthwhile and justified by the very important roles this country is entitled to play in the advancement of regions of the World still at an inadequate level of economic development, both by the example of her own accomplishments and by her direct actions and commitments.

Japan is indeed a most successful case of economic development spurred by correct governmental action. The Japanese model becomes even more remarkable and deserving attention when we remember that from 1868 to 1989, even taking into account some previous steps towards industrialization, Japan was able to fend for herself through the stony roads of social and economic development, advancing from an almost autarkic feudal economy to her present status of a fully developed country, already beginning to take the lead among the World's super-powers.

The apparent contradiction between such a phenomenal achievement and her actual endowment of production factors, well known for their general insufficiency, makes it worth while to spend some effort at examining the sources of this economy's successes, and the origins of its present weaknesses in the wake of the impending changes in the world economic and political environment.

These very weaknesses though can become the foundations of a more stable profile of development, if a well balanced insertion of the Japanese economy into the global community could be achieved through a closer association of this country with the two large and relatively under-developed groups of nations : the Third World and the Socialist Bloc.

Japan is also well known for her almost zero inflation rate. In fact Japanese economists despair at the mere thought of an inflationary surge. The ways though through which this desirable state of affairs is maintained are of such a stern nature that hardly any other country in the world, inhabited by less frugal human beings, will be prepared to endure.

The general level of prices in Japan is the highest in the World and her social security system is devised to curb any temptation at indulging in futile or unnecessary spending.

The drastic fall in income after retirement, the large expenses required for providing a proper education for children, the prohibitive costs of food, housing, and transport, make savings an indispensable survival device, at the same time as life in Japan becomes a completely non-exhilarating affair, from a Western point of view.

Despite the undeniable success of this country, measured by her income per capita, the bulk of the Japanese people do not feel rich, and the rich do not know yet how to enjoy their affluence.

Thus the study of the Japanese economic policies is a most rewarding field for comparative economic studies.

Japan with one of the World's largest GNPs, and also with a relatively good income distribution profile, is nonetheless a country with a general level of social welfare considerably at variance with her economic performance. In a nutshell, Japan seems to be fully



embued of and practicing a crude Mercantilism, according to which a rich and financially strong country does not necessarily imply a happy, well-fed, well-leisured and properly housed people.

The examination of Japan's transformation, after her shattering defeat in World War II, and subsequent rise out of her own ashes, are among the most remarkable examples of the kindling of a country's economic development (Japan) by another (U.S.).

The unravelling of the economic and political processes involved in the growth of post-war Japan, and the scanning of the dangers encircling her at present, are the objects of this research on the Japanese Economic System, considered in its international environment, and attending to the processes and causes of her successful achievements.

This study is projected as the beginning of a program, to be continued, aimed at providing a basic introduction to the many possible areas, subjects and topics of research on Japan, from a Social Sciences point of view.

It will also supply some geographical and historical information on this country as necessary and preliminary steps for the understanding of the economic institutions of her administration and also for shedding light on the mechanisms of political control of the instruments of her economic policies.

In the Japanese case, Politics, History, Economics and Geography are all inextricably linked. Our approach therefore will involve the recourse to these areas whenever necessary to elucidate the economic issues.

This is intended to be also a study on the economic development of a country in a particular environment. It will be concerned with the struggle for survival of an oriental society which endeavoured to acquire Western science, technology and production techniques, without

abandoning its cultural heritage, accumulated during centuries of geographical, political and social isolation.

Thus it is hoped to give a context for the interpretation of the economic and political behaviour of the Japanese, and some basis for an understanding of the future developments of the growing role of Japan in the World's affairs.

The research is planned to contain five main parts :

PART ONE will examine aspects of the economy of Japan in its geographical, political and social environments. Japan's political isolation in the World is explained as the historical result of the rise and fall of the short-lived Japanese Empire in East Asia.

The excessive dependence of Japan on the U.S. for her defense, and for markets for products as well as capital lending, is seen as a factor delaying a necessary redirection of the Japanese attention towards the Third World and the Socialist countries.

PART TWO examines the Japanese process of economic development since her first contact with the West, through the Portuguese merchants in the 1500s, until the present.

The study of the Portuguese presence in Japan, closely associated with the Jesuitic missionary activities, is often dismissed as of little consequence for this country.

In studying this Christian Century, and its main legacies, we intend to show that the behaviour of the Japanese towards foreigners, as of today, is a newly acquired trait with a relatively recent historical origin. The period of seclusion, that followed the expulsion of the Portuguese from Japan, was the school from which the present day Japanese received most of their social idiosyncrasies and xenophobic attitudes.

The Meiji's economic and cultural revolutions can be compared in its social and intellectual effects to the other World's major

revolutions such as that of France in the 18th century, or those of Turkey and Russia in the first quarter of the 20th century. The collapse of the empire, and the destruction wrought by World War II, did not efface the ideals of the Meiji's revolutions in the Japanese minds, so that the rebirth of Japan's strength, after the reforms of the American Occupation, has the character of a quite foreseeable phenomenon, once the environmental conditions became favourable.

The high speed growth of the Japanese economy in the 1960s, brought to a halt in the 1970s by the Nixon's, and the oil shocks, transformed Japan in a world economic power. The curtailment of oil supplies, and rise of prices of raw materials, made it evident again to the Japanese the frailty of their successes. The deep realization of this is the root and origin of all the efforts towards the restructuring of the economy of Japan, and towards a fuller participation of this country in the World decisions, a desideratum now being actively pursued.

PART THREE of this study explicit the sources and policies of the Japanese miracle, since the New Deal-like measures of the American Occupation.

The American authorities did not dismantle the Japanese governmental structure of economic control bequeathed from the past, and reinforced by the necessities of total mobilization for the war.

Many of the successful institutions now used to manage the Japanese economy have a very ancient tradition and are deep rooted in the Japanese mores.

Perhaps one of the most happy circumstances enjoyed by Japan in the felicitous management of her economy is the fact that here we find a greater solidarity between the government and the private economic sectors.

A crucial element in this happy marriage between the

administration and the private sector is the existence of a strong and enlightened bureaucracy in the ministries, and in other public institutions.

The study of the main economic policies of Japan will make it necessary, therefore, to examine a few of the most powerful among these institutions.

This part concludes with a summary of the main international factors which were paramount for the Japanese post-war development.

PART FOUR concentrates on the economic role of Japan in the global community.

It examines the records of the relations of the Japanese with some of the major groups of countries or areas.

Basically, as evidenced by the amount of the balance of payments deficit of the United States, this country has been playing the role of locomotive for Japan as well as for Europe, and other countries of the Capitalist Bloc. As this is becoming an untenable situation, which sooner or later will have to be corrected, Japan lives frightened as one of the countries more liable to suffer from an American serious redressing.

This dependence on the U.S. is indeed Japan's Achilles' heel.

Vis-a-vis Europe, Japan's position is that of a commercial rival rather than that of a necessary ally.

The relationships between Japan and the giant socialist economies of China and the Soviet Union are undeveloped, whereas in Asia the new Industrializing Countries are already seen as challenges.

Australia, Latin America, the Middle East and Southeast Asia play the role of suppliers of raw materials and, therefore, are among the regions with sufficient strategic importance to capture some attention of the Japanese.

Africa and the Socialist Bloc are quite marginal to Japanese interests.

PART FIVE will conclude this study. It examines Japan's economic and social dilemmas at the threshold of a new century, as they are perceived by her planners, at the end of the Showa Era (1926-1989).

The ageing of the Japanese population, the changing structure of the World's economic environment, the attainment of maturity by the economy, and the need to delineate new roles for Japan, in the global community, are among the main problems now catching the attention of both the government and the society in this country.

The problem of the expansion of the roles of Japan in the world's affairs are particularly delicate, and it stems from the need of establishing a more reliable international environment for the Japanese economy.

It is perfectly understood in Japan that this country can remain in existence only as part of the family of nations and, therefore, she must respond positively to the deepening of her process of internationalization.

The problem is pretty clear, but, in the Japanese case, this greater insertion into the world community entails internal pressures of every kind. The fact is that the Japanese are not internationally minded, they are not prepared to focus World's problems from a global point of view. Japan is self-centred and seeks security, her prosperity depends absolutely on normal economic relations with other nations.

Many Japanese, flattered by their country's economic successes, easily forget that the industrial performance of their nation, in the last thirty years, had as one of its main causes a favourable international environment, deliberately nurtured by the U.S. whose political aim was, and is, to create a capitalist stronghold in East Asia, as a device to counteract the alleged mounting of Communist pressures in the Far East.

When Japanese intellectuals avow today that the international community is at a historical turning-point, or when they proclaim that the global society is becoming increasingly interconnected and interdependent, we should translate these statements as meaning that they are already deeply concerned with what will become of Japan's economy, if the World continues to change uncontrollably, in a way unsuitable to the continuance of their national prosperity.

Having undeniably attained the predicaments of an economic superpower, through the steadfast pursuit of an export-led growth model, Japan really faces now a turning point in her relations with the global community.

Some of Japan's problems derive from the fact that the World, who once taught her, now learns from her methods and procedures.

She is perceived as a successful model to be emulated by the developing countries, at the same time as the developed economies recognise her as a fearful newcomer, an ubiquitous competitor and a ruthless seller around the globe.

A few contradictions evidence themselves in the international behaviour of Japan in the economic field.

An unconditional champion of free trade principles for her exports of finished goods and imports of technology, raw materials and energy, she adopts, and staunchly clinches to, the opposite policies in relation to imports of manufactured goods, consumer goods and foreign labor, and is not so liberal also in technology transfers.

Some of these apparent contradictions become less so as we understand that Japan is not just an economy but also a nation with a highly complex social system, fully idiosyncratic. More than an economy Japan is a society. Her heavily protected agriculture, her highly atomised retail trade are facts and situations that must be understood and appraised for their social functions rather than something to be measured by the yardstick of mere economic efficiency.

Notwithstanding, the projection of the Japanese ways and Weltanschauung into the international scene may sometimes produce some puzzling results. Many pressures are now being applied on Japan for a larger sharing in internationally sponsored aid programs to developing nations. While complying with such demands, and in fact becoming the biggest donors, the Japanese cannot flatter themselves for any creative idea aimed at bringing more efficiency, reforming, or just scrapping these aged and highly ineffectual mechanisms for development assistance.

A great effort for instance is being displayed by Japan in order to have more voice in the I.M.F. That reflects the complete unawareness of this country about the Developing World's experiences and opinions regarding this institution. The same could be said about other elderly, and equally obsolete international bodies, where Japan now strives to play a role as an international actor.

In studying Japan, the author has had in mind always the broad Asian-Pacific context, as a most dynamic region in the present, and probably even more so in the future decades, with possible interesting consequences for Latin America, especially for the Spanish-speaking countries on the Pacific Rim.

As a major developing country, Brazil can learn very much from Asian postures in terms of a more effective coordination between governmental and private sectors, in the common pursuit and promotion of a more rapid economic development.

This study is aimed at serving as a general introduction to the major areas of economic research, now being carried out in Japan as well as abroad, mainly in Europe and in the U.S.A.

6. 'THE JAPANESE BETWEEN THE HAVES AND THE HAVE NOTS : A COMMENT'

by Prof. Dr. Darcy Carvalho

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ABSTRACT : This paper presents a comment on the marked indifference of Japan towards less developed countries and her deep involvement with and dependence on the Western advanced economies. This bias forebodes troubles for Japan in the event of a sudden and significant World's economic restructuring.

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'THE JAPANESE BETWEEN THE HAVES AND THE HAVE NOTS : A COMMENT'

The successful Japanese economy of today is the result of the post-war economic reconstruction promoted by the U.S. and enhanced by an international environment favourable to Japan.

Japan has been wise enough to secure benefits for herself while still constrained by the Cold War global economic dichotomy nurtured by the two super-powers, from 1945 to the end of the 1980s.

The survival of the Japanese nation, its political integrity and its economic rebirth can be understood as the fortuitous long-term outcome of a set of favourable circumstances politically fostered.

The short but highly effective period of direct control of Japan by the Americans crowned the historical efforts of the Japanese elites to obtain the complete elimination of social, economic and political structures bequeathed by the past and still resisting the modernizing endeavours of the nation since the Meiji Restoration in 1868.

A New Japan could therefore emerge from the ashes of World War II by fully embracing new packages of Westernizing measures imposed by the Occupation and shrewdly implemented by the pragmatic Japanese leadership in the post-war years.

The accomplishments of Japan in the last decades can be viewed historically as the attainment of goals which were established in the wake of the Meiji Restoration. The Pacific War, by placing the country back to the initial position it had in 1868, only made those ideals

even more desirable, while their feasibility was assured by the American Alliance.

Japan now is not only the strongest economy in Asia, but also probably the most efficient in the World, with a financial strength evident to everyone. Ten years ago, the Japanese economy was roughly one-third of that of the United States ; five years later it was about half ; now, in 1989, it is 60%, and still climbing.

She is looked on with admiration and perplexity all around the globe, but also perceived as a major threat to the industrial market economies of the Western Hemisphere, including the United States and the European countries.

Dazzled by Japan's extraordinary performance, many developing nations started to consider her as a possible ally and champion of their plights in the struggle for progress, equality and security in a crumbling economic scenario bi-polarized by opposing super-powers. The facts of recent history do not validate these wishful hopes and aspirations, unfortunately.

The strength of Japan is purely economic and financial, and the actions of the Japanese, or their studied immobility in the international scene, are motivated and constrained by the quest of security for themselves, a single-minded objective, attainable only in an adequate international environment, understood as one in which their economic interests may go on thriving without hindrance. Problems outside of this narrow sphere are none of their concerns.

Japan is unable to put military pressure on any country, as her armed forces are small and just tailored for self-defence. At the same time, the country is utterly dependent on imported raw materials, energy and compliant markets for her products.

As a result, the political strength and power of moral suasion of Japan in the global community are incredibly low, almost

negligible, and thus at a variance with her economic, managerial and technological prowesses.

Any serious menace to vital supplies or access to markets humbles Japan, always ready to buy her way rather than invoking general principles of international fairness and self-respect between nations.

The shyness, naivete, awkwardness and plain aloofness of Japan in matters involving international relations are very damaging to the country's image.

With strong Soviet basis in her Northern frontier, and American ones in her Southern islands ; resource-poor and totally dependent on the United states for markets, as well as for external defense, Japan has no room left for displaying tough attitudes on the international scene like France, England or West Germany.

The efficiency and adaptability that Japan exhibits in matters related to economic and technological performance do not find a counterpart in the political arena. This, unfortunately, is a parameter in the Japanese situation that probably will not suffer a noticeable change in the foreseeable future.

Post-war Japan is a child of the Cold War ; she was kindled to be the West's faithful bastion in the Far East. The benefits of this condition came in the form of economic aid, economic development and privileged access to Western technologies, resources and free markets. The costs of this arrangement in terms of national autonomy in international affairs were extremely high, and not yet fully paid.

No matter how much understanding and sympathy one may decide to show towards the Japanese delicate position in world politics, one is forced to admit nonetheless that the rise of the Japanese economy to such heights, in so short a period of time, has played and will increasingly play, havoc among the European and American economies.

Under the spearhead of the Japanese unrelenting competition, the Western World is now plunged into a painful soul-searching process, hastily regrouping and reorganizing for survival.

Instead of extending a helping hand by tuning themselves to the search of a suitable equation for this acute problem, the Japanese are indulging in self-complacency and eulogizing to their own deeds, confident in the maintainance of the present status quo in which they can sell, but need not to buy, amassing huge trade surpluses that find their way into international financial and exchange rates especulations, as well as in the acquisition of land and real-estates in a number of key economies.

In furthering this gamble, the Japanese will be playing the role of strong catalysts in a fundamental world economic restructuring, risking to see themselves expelled in the end of the process as mere waste product of this historical transformation.

ABSTRACTS OF THE PAPERS CONTAINED IN VOLUME ONE

- 1 'RESEARCH PROJECT OUTLINE : THE JAPANESE ECONOMIC SYSTEM AND ITS ENVIRONMENT : A STUDY ON THE ECONOMIC DEVELOPMENT OF JAPAN AND ITS MAIN CAUSES.'

Abstract: This paper outlines the objectives and contents of a long-term project on Japan's economy and economic system, and the main causes, proximate or remote, of her post-war economic development.

VOL. I, pp. 6-28.

- 2 'THE JAPANESE PROCESS OF ECONOMIC DEVELOPMENT : A PRELIMINARY HISTORICAL-ECONOMIC OVERVIEW.'

Abstract: This paper proposes a particular chronological division for the study of the Japanese evolution from an economic point of view. It suggests the hypothesis that the economic development of Japan in the past as well as in the present, derives from adequate answers to extremely constraining environmental conditions, both physical and political, as well as social ones.

VOL. I, pp. 29-40.

- 3 'NEW ROLES FOR JAPAN IN THE ECONOMIC DEVELOPMENT OF CENTRAL AND SOUTH AMERICA.'

Abstract: This paper purports to study some aspects of the Brazilian-Japanese relations in the post-war years and to point out a few roles Japan could play in the economic development of Latin America. The argument centers on the idea that the economic position of Japan in the world economy today is imperiled by her inadequate insertion into the global economy. A safer long run situation could be fostered, if the economic drive of the Japanese were diverted towards developing, or neglected areas such as the Southern parts of the American Continent and the Soviet bloc.

VOL. I, pp. 41-58.

4 'THE AWAKENING OF BRAZIL : THE BRAZILIAN POST-WAR DEVELOPMENT  
AND DEBT CRISIS.'

Abstract: This paper depicts the economic awakening of Brazil in the Latin American context, since the 1930s, and draws some comparisons with the Japanese post-war development. Many of Brazil's apparent problems today, in the economic as well as in the social and political spheres, stem from the fundamental changes in the price structure of the World economy, in the aftermath of the oil-shocks, in the 1970s. The foreign debt stalemate in which Brazil is plunged obliterates the fact that the Brazilian is one of the most rapid and successful cases of transformation of a rural slave-based economy into an industrializing modern democratic country, in less than one hundred years.

VOL. I, pp. 59-68.

5 'JAPAN'S DIPLOMATIC AND ECONOMIC BIAS TOWARDS THE WESTERN  
DEVELOPED COUNTRIES : THE JAPAN-US RELATIONS'

Abstract: This paper criticizes the present Japanese bias towards the developed economies. This perverted diplomatic approach is the result of several restrictions imposed on Japan in the wake of its defeat in World War II, and in the process of her conversion into a suitable aircraft-carrier for the U.S. in the Far East. Contrarily to many European nations who are painfully trying to recover their full nationhood and self-determination, the Japanese resignedly accept their humbled position in exchange for the economic advantages of an ill-defined and already imperiled position in the outskirts of the global economy.

VOL. I, pp. 69-76.

## 6 BIBLIOGRAPHICAL LIST.

Abstract: A list of books on Japan, at 30th June 1988, in languages other than Japanese and available on the shelves in 'The Japan Corner' of the Library Section of the Institute for Monetary and Economic Studies of the Bank of Japan (July 1988).

VOL. I, pp. 77-104.

ABSTRACTS OF THE PAPERS CONTAINED IN VOLUME TWO

1. 'THE JAPANESE HOMELAND : AN OVERVIEW OF THE JAPANESE ARCHIPELAGO'

Abstract : This paper supplies information about the administrative divisions of Japan and locates her main regions, micro-regions and industrial belts. It employs the regionalization scheme adopted by Trewartha (1965), and introduces the current geographical terminology used by Japanese writers to describe the country's districts, micro-regions and economic cores.

VOL. II, pp. 6-24.

2. 'AN UNDEVELOPED JAPAN : HOKKAIDO ISLE'

Abstract : In his approach to the regional study of Japan, the author started with the examination of the less developed and peripheric areas of the country. The most conspicuous among these is certainly Hokkaido, the most northerly of Japan's main isles.

Hokkaido also exemplifies the case of a region handicapped by a severe climate and by inadequate economic relations with its closest foreign neighbour, the Soviet Far East.

The paper was intended as the first part of a more detailed study of the economic and social realities of Japan's eight districts.

VOL. II, pp. 25-37.

3. 'THE GEOPOLITICAL SETTING OF THE JAPANESE ECONOMY'

Abstract : Following an order suggested by the geographical location of Japan within the belt of islands girding the Eastern shores of the Asian continent, from Alaska to the Indian Ocean and Oceania, this paper carries out a cursory description of the historical relationships between Japan and her neighbours. It collects bits of



information about the rise and fall of the Japanese Empire, from its inception after the end of the Tokugawa Regimen to its demise in the aftermath of World War II.

VOL. II, pp. 38-57.

4. 'JAPAN AND THE ECONOMIC REBIRTH OF THE EAST ASIAN WORLD'

Abstract : This paper studies Japan as part of the East Asian World. It will provide a short overview of the present day Asian economic development as well as of the economic and political perspectives in the Pacific Basin. The paper focuses also on the relationships between Japan and their developing neighbours, now emulating her, but still remindful and strongly resentful of the actions and methods of the Japanese during their imperialistic inroads on Asia, from 1895 to 1945.

VOL. II, pp. 58-74.

5. 'STUDYING JAPAN : A STATEMENT OF PURPOSES'

Abstract : This paper states the scope and objectives of a research project on the Japanese Economic System and Its Environment. A study on the Economic Development of Japan and Its Main Causes, as they were first conceived in Japan, at the Faculty of Economics of Yokohama National University, in 1988. It reflects some of the author's early perceptions and reactions to the Japanese universe and cultural milieu.

VOL. II, pp. 75-84.

6. 'THE JAPANESE BETWEEN THE HAVES AND HAVE NOTS : A COMMENT'

Abstract : This is just a short comment on the apparent indifference of Japan towards less developed countries and her deep involvement with and dependence on the Western advanced economies. This bias

forebodes troubles for Japan in the event of a sudden and significant World economic restructuring.

VOL. II, pp. 85-89.

7. NOTES AND BIBLIOGRAPHICAL REFERENCES

A short list of recent books on the subjects this Volume is concerned with are appended. A general bibliography on Japan's economy is supplied in Volume One.

VOL. II, pp. 23, 37, 59.

8. 'THE JAPANESE ECONOMIC SYSTEM AND ITS ENVIRONMENT. A STUDY ON THE JAPANESE ECONOMIC DEVELOPMENT AND ITS MAIN CAUSES : A PARTIAL BIBLIOGRAPHY'

Abstract : This bibliography shows an initial collection of books obtained in 1988-89, in Tokyo, and considered helpful for the starting of studies within the main research project on the Japanese economic system and its environment, and on the major causes of the economic development of Japan's economy in the years following World War II.

VOL.. II, pp. 96-108.

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STUDIES ON THE CONTEMPORARY ECONOMY AND ECONOMIC SYSTEM OF JAPAN

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